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THE CAUSES AND SOCIAL SIGNIFICANCE OF UNEMPLOYMENT

THESIS WRITTEN FOR A MASTER'S DEGREE

G. VINTON JONES

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INTRODUCTION

Wherever people are gathered together, UNEMPLOYMENT and the business depression are the topics of conversation. The results of unemployment and under-employment affect the great majority of the people of the United States. National Congress has considered the problem and has passed measures that constitute its attempt to cope with the situation that is not only national, but international. Notable among the bills passed by Congress is the one bringing into existence a gigantic Government corporation with a financial power of $2,000,000,000 to thaw out the frozen assets of the nation's business.

It is assumed by the Government that the inactivity of industry and trade hinder the well-being of the economic system. By placing this vast sum of money in the hands of banks to lend to industries and to the farmers, it is hoped that business will pick up as this money gets into the hands of the consumers. I would have you note especially that this is undoubtedly the outstanding attempt of the Government to stimulate the process of business operation.

I raise the issue at the beginning of this thesis on UNEMPLOYMENT: If the Government without any protest from its citizens can "interfere" with the inactivity of industry (used in the broad sense) can it not "interfere" with the over-activity of industry?

There is ostensibly a lack of control of the economic activity of the nation whether in time of prosperity or depression. The Government represents the greatest power of control, but whether the United States Government should seek to control the over-activity of industry as well as the inactivity of industry, is problematical.

2---Congressional Record-Appendix.January 20, 1932 P.2454.Index January 18-29.P.47.H.R.#7360. Also Congressional Digest.February 1932.P.55. (Reconstruction Finance Corporation)

1---President's Conference on Unemployment. September 26 to October 13, 1921. Page 47.

INTRODUCTION

Of course, the conduction of the business activities of the Government itself (the greatest single business in the United States), as to how, and when,[1] constitutes an appreciable measure of control.

To my mind the crux of the whole situation hinges on the necessity that the Government know and appreciate the CAUSES and the SOCIAL SIGNIFICANCE OF UNEMPLOYMENT. It was the awakening of the evils of Slavery that caused the United States to "interfere" with what was at one time a citizen's personal property (ownership of slaves) and to eradicate the evil and the disgrace to Society, which was even tolerated by the Father of the Country.

This thesis is an humble attempt to collect and record many of the known causes of unemployment, and to show the social significance of unemployment in its true light and color as a great evil of our social and economic system. I believe reform will come only after the multiple causes and the social significance of the problem are clearly understood.

The recurring condition of business depression and its corresponding unemployment of would-be-wage-earners show a lack of acceptance of responsibility by all to a certain degree. An investigation of the problem will be of assistance in relieving and curing the unhealthy economic situation if it can but help localize the responsibility.

A man pays a life penalty to society if he takes the life of another. The responsibility is placed at the feet of the person who caused the other person to lose his life. Yet when a man loses his job-which is so essential for living-neither the Government, nor industry, nor any person is forced to accept the responsibility for the loss.

1---President's Conference on Unemployment.
Business Cycles and Unemployment.Pp.27-29.

INTRODUCTION

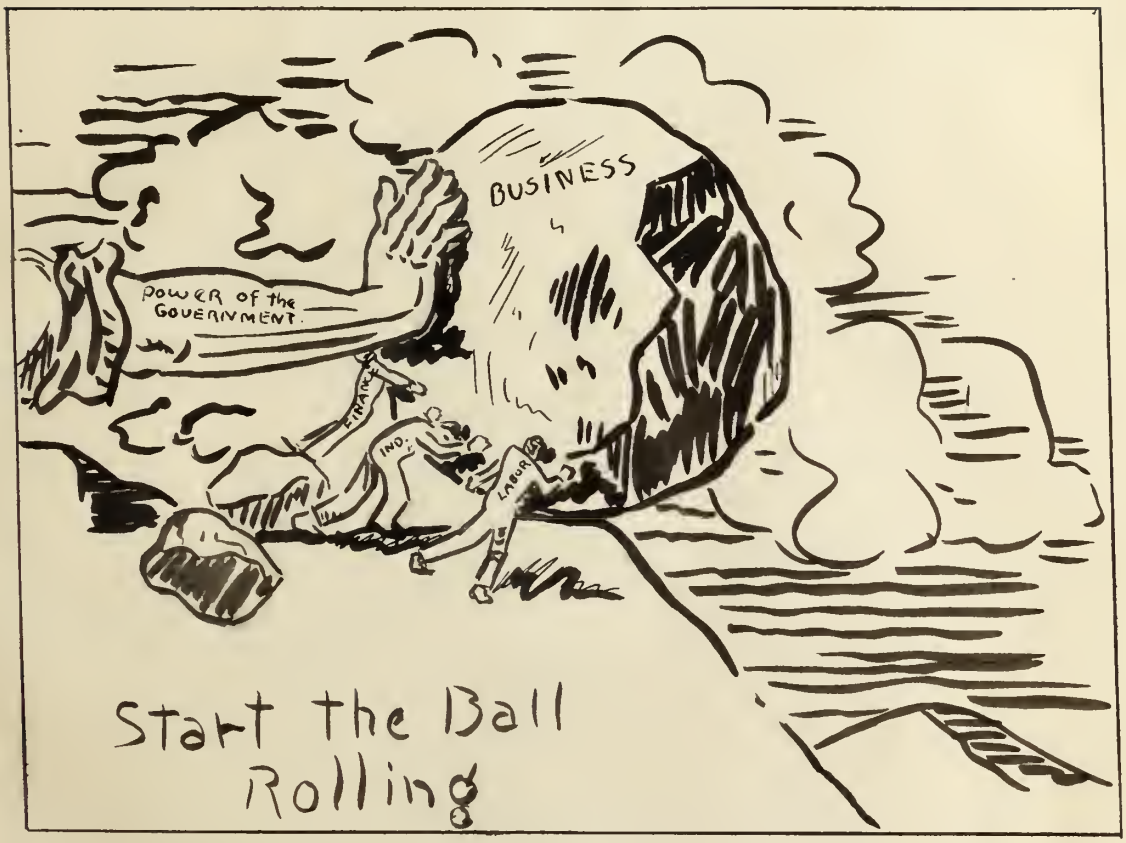
The discussion of the causes will tend to show the responsibility for the cause. The discussion of the cost-the social significance-will show the amount of payment that we (Society) have a right to expect from some source for the relief and the ultimate cure.

The thesis is written from the point of view of the United States. The causes an the social significance, that is, are discussed in relation to the unemployment conditions in the United States.

G. Vinton Jones

February 27, 1932

"START THE BALL ROLLING"- A Picture



Part I

A Definition of the term "Unemployment"

"In a general sense a person is unemployed who is[1] willing and wants to work for wages but due to certain conditions beyond his control finds it impossible to find labor which is reasonably suited to his capacity."

Another Definition

"Definition of unemployment as the difference be-[2] tween the number of persons who are actually employed and the number desiring and habitually dependent upon employment."

The two definitions of unemployment are essentially the same in meaning. An unemployed person is the same as a wage-earner without work. The conception of the term is not new as it is quoted here. The misconception of the term to include the bum and the riff-raff is, no doubt, the result of loose thinking, and is indeed not the meaning given to the term unemployed by the intelligent citizen.

Throughout the thesis I may mention sickness, for example, as a cause of unemployment. Indirectly sickness qualifies even under these definitions of the term unemployed; while a person has been sick, another wage-earner may have taken the former's place. Since the vacancy has been filled while the person was sick, sickness is the indirect cause of his unemployment.

To prove that the above conceptions of the term as defined are not new or especially modern, the economist Towntree of England in 1911 defined unemployment: " person is unemployed who is seeking work[3] for wages, but unable to find any suited to his capacities and under conditions which are reasonable, judged by local standards."

1---Reference Shelf. Volume VII, No.6., Compulsory Unemployment Insurance..E.C.Buehler.Page 12.
2---Hoover's Committee.Recent Economic Chages.P.469.
3---Rowntree,B.S...Unemployment.P.301.

Definition of Unemployment By Still Another Authority

"As I see it, unemployment is that condition arising[1] when a number of workers are available, who are capable and willing to work, but cannot find work because of industrial maladjustments within the plant or industry or because of general economic conditions at home or abroad."

At first it may seem that a person, because of a change in the family by death or misfortune, might not be classified as unemployed even though he or she had not been habitually dependent upon work, though he or she now wishes employment. According to the definition quoted above, however, this type of unemployed person would be really unemployed.

THE PROBLEM OF UNEMPLOYMENT IS IMPORTANT

The seeds of socialism are sown in people's minds in these critical periods of national unemployment. Many persons are idle and unhappy. Any scheme to deliver them from hard times has a great appeal. The present system of economy does not seem to work for them.

"The misery of undeserved loss of employment is the[2] greatest terror which besets the industrious poor who have no possessions...People are famishing in the midst of a superfluity of production. Masses of hungry laborers are able and willing to produce, but there is no employment for them...This evil collectivism promises to remove."

The disciples of this system advocate the abolition of the wage system, which involves the continuous enslavement of the proletariat. "Wage slavery" is to be superseded by a system of universal service because there is no doubt that private service is in principle very irksome and oppressive to workmen of high self-respect and personal superiority, so say the Socialists.

1---Sebring, Edgar D.Taylor Society.Bulletin 9:177
2---Bullock, Charles J. Selected Readings in Economics. Pg. 693-4-5.

In spite of the fact that theories of socialism have their merits, belief and practice of them in our capitalistic economy from a national standpoint is to make a "house-divided." To my mind our greatest insurance against all radicalism is to secure work for the idle hands and minds at a reasonable wage.

WORK, THE OBVIOUS CURE FOR UNEMPLOYMENT

The whole progress of man can be read in the way that he earns his "bread." He cannot keep his self-respect if he does not earn his living, and that means the way he works for his living. The health of an individual depends upon his work. The scheme of the world is based upon the plan of purposeful activity. There has never been a successful man whose success has not been secured through work.

Work, of course, can mean either mental or physical activity, or both. One has to work to keep what he has; one has to work to secure what some one else has. It is our competitive system. Even in religious circles,--the cardinal of the Catholic faith has his position because of his competitive right to be at the head, the leader of his Faith. A rich man may see his fortune dwindle away unless he is willing to find means to protect against decay. Anything that is not used, rusts and decays. Work is in the very scheme of things.

Work for the unemployed is the obvious cure for unemployment. But <u>when</u> shall there be work? "It has[1] been said that once the men and women of the United States shall take the stand that the denial of opportunity for work to the least of them is the concern of all, and no longer to be endured in our common life, economic and social invention will quickly devise means for making that opportunity secure." <u>How</u> shall there be work? "For every employee who is[2] steady in his work; there shall be work. The right to regularity in employment is co-equal with the right to regularity in the payment of rent, in the payment of interest on homes, in the delivery to consumers of the right quality of products contracted <u>for." Why</u> is there hope that there shall be work?

1---Calkins, Clinch.Some Folks Won't Work.Pg.156-7
2---Justice Louis D. Brandeis.The Right to Work.P.161

Dr. Einstein sees in present conditions:"A positive proof that the economic organization, so far as one can speak of such a thing today, does not satisfy needs. But the establishment of this fact is not to be used as an indictment, but as a motive to seek to regulate economic life in such a fashion that the existence of human beings shall no longer be threatened by crisis." Why have we not been more mindful of the work responsibility in the past? "We have not hitherto set up reserves to protect ourselves against unemployment because we have professed to believe that every man was able to safeguard his own future. This belief was partly true when we were a nation of farmers. Now that this country is predominantly urban and industrial it is no longer true."

There Are Some Who Will Not Recognize Unemployment As A Problem

Conviction of the importance of the unemployment situation may not lead immediately to effort on the part of the person who has been convinced. He may think that this problem is not his own personal responsibility; he may think that help should, and will, be provided by some other agency. First of all, however, there cannot be even an appreciation of the seriousness of the situation without a knowledge of its real extent. Without information as to the real number of unemployed, many people will rationalize and carelessly think there are but a few seeking work who are really unable to find it.

There are two economists who have made an accusation against a class of people in the United States that do not appear to be in real sympathy with the distress situation:

1---Nation's Business Magazine.Editorial.Page 14. April 1931

2---Collier's Magazine.Editorial.Column 2. November 7, 1931

"The comfortable men and women of the ruling class" do not like to admit the unpleasant facts about a social system which has proved its worth by giving them - the deserving persons - its material rewards. Hence, until the evidence is available they will continue to believe that there is little unemployment. Even then, some will continue to believe it - but not so many."

The Vastness of the Problem

Last year General Wood, who was called by President Hoover to give his assistance to direct relief, said that there were 4,000,000 unemployed.(2) This year estimates have placed the total higher. Mr. Leval of France estimated that there were 10,000,000 unemployed in the United States.(3) President William Green of the American Federation of Labor in February 1932 placed the figure at 8,300,000.(3)a United States Secretary of Agriculture places the figure (in 1932) at 6,000,000.

In subsequent paragraphs it is shown that authorities differ in their opinions as much as to the causes as they disagree in their estimates of the number of unemployed.

But why should international authorities be consulted as to their estimates and opinions? The editor of the Time Magazine (in footnote) contends that only British and German Governments compile reasonably accurate statistics.(3)

Unemployment today is not produced by local causes alone. The forces at work which cause the shut-down of factories, the curtailment of activity in the mines and on the railroads, are forces which operate on a national and even world-wide scale. This is the general consensus of opinion of authorities at home and abroad. They agree upon this one point, at least. Ample testimony as to the stupendousness of the ramified problem appear daily in our newspapers. Towns and cities throughout the United States have organized especially to give relief. State and National congresses are considering relief measures.

1---Douglas & Director...The Problem of Unemployment.P.3
2---Boston Herald.Jan.7,1931(Col.Wood-See Relief Unemp.)
3---Time Magazine..Editorial..February 29, 1932
Pages 3-7

Anything that is said that is constructive in the effort to do something about the condition of affairs is helping along the good work. The very complexity of the problem is one reason why many different points of view should be expressed. The fact that there is a great deal of suffering should motivate even the unsuffering person to contribute in some manner. And now, it appears, is the zero hour of the great scourge.

Solution of the Unemployment Problem is of Paramount Importance

Another author emphasizes this same fact:

"For the sake of the unemployed men and their wives[1] and children; for the sake of the workers still employed, whose position is jeopardized by the competition of men driven to desperation by hunger to the point where they are compelled to sell their labor power and drag down the level of wages; for the sake of civilized society, whose very foundations are threatened by the physical deterioration and the mental and moral degradation caused by dire poverty--it is of the utmost importance that measures be taken to solve the problem of unemployment without delay."

If there are actually 3,000,000 unemployed (according[2] to the census figures of 1930 adjusted to read strictly as a real estimate by our definitions), think of the sum total of the persons affected. There are several persons depending on the one wage earner and when those dependents are women and children, the problem must appear important even to the unimaginative.

Conditions outside the control of millions of people have brought them to the helpless stage of being unable to earn a living. Unemployment which is temporary does not seem to upset a person's life, but when unemployment is prolonged, the result, or the consequence, damns a person's entire life. Napoleon is credited with the saying that an army marches on its stomach. Who can disprove the assertion that civilization marches on its stomach!

1---Towne, E.T., Phd..Social Problems.Page 157
2---Douglas, Paul H. & Director,Aaron..The Problem of Unemployment.Page 17

CAUSES OF UNEMPLOYMENT

This compilation of the causes of unemployment should propitiously help to awaken the most inappreciative person to this exigent problem. So many good authorities quoted here must in part, at least, be right in their opinion. It all affords proof that a great national problem exists; so great a problem needs the assistance of all of us to solve it; no one can shoulder the blame on a few of our citizens, and remain idle himself.

The Alleged Causes of Unemployment and Depression

Unemployment has often been called a disease of society. Relief has been likened to a drug and cure pictured as a successful operation. But unemployment is a symptom of society of one or more separate diseases; it is like a headache, it may arise from a large number of causes.

"While the fact of unemployment is universal, each[1] country seems to have a somewhat different alibi to explain the phenomenon. In Great Britain, for instance, the explanation given is the depression in foreign trade where the amount of unemployment happens to be the greatest, while actual increases in unemployment are found in certain lines of domestic production. The growth of mergers and the geographical shift of industry from the midlands to the south of England are also emphasized. For Germany the reason put forth is the decline in foreign loans. Canada lays it primarily to crop conditions. Columbia in South America avers difficulty has arisen from the suspension of public works. France or Belgium have little or no unemployment because they say that they have a controlled labor supply, managed by treaty regulations with countries of surplus labor. These are random samples of reasons or explanations given. The economists frankly say that unemployment is an inevitable accompaniment of the private operation of industry." Says Professor Taussig of Harvard: 'Every[2] country is confronted with unemployment...so long as its industry rests on private property, complex division of labor, free movement of labor and capital; on hopes and fears, and mistakes in the business world.'

1 and 2---Johnsen, Julia E..Stability of Employment
Page 49

"...And the failure to realize this common and universal character of unemployment and the tendency to see it purely as a national or group problem has resulted in the great conflict of remedies."

Superficial Reasons Given For Fluctuation of Employment

Several years ago a competent Commission of investigation in New York State sent out a questionnaire to employers to find out the causes of the fluctuations in employment.

"The tabulated replies show that the largest group[1] of employers, 245 in number, gave the vague answer, 'increase or decrease of orders.' The next largest number, 168, stated, 'seasons.' The third largest group said, 'busy or dull times.' Thirty employers said, 'weather.' And the rest made equally enlightened analyses."

Figures showing the amount of employment and unemployment do not truly reveal conditions, but may be as misleading and as obscure as the preceding figures of causes.

Seasonal Fluctuations in Employment

Many people buy irregularly through the year. Then Nature does not maintain even "production" throughout the year. To gather in summer and store for winter has been a practice for hundreds of years - perhaps even before the word unemployment was used; thus the process of paying respect to the decrees of Nature by trusting that there would be uniform "production" through the year. People became ant-like. They have accepted the fruits in their season and stored for the less bountiful seasons. Without respect for the demands for her dependents Nature was not always adequate in the amount of produce she yielded. Never have we been able to estimate what we are to receive from this great source.

1---Johnsen, Julia E...Stability of Employment. (Reference Shelf). Pp. 50 and 56.

Obviously, the variation of the farm produce to be harvested each year, has caused a fluctuation in the number of workers needed to harvest the crops.

Brief Summary: Causes, Pre-War Unemployment

"Some occupations fluctuate with the seasons, either [1] because their materials come in at certain seasons early, or because the demand for their products is seasonal."

"Variations in employment due to these fluctuations, like the time-lag in the fitting of available workers into available jobs, are the less difficult elements in the problem to distinguish. Moreover, to distinguish them is to indicate appropriate remedies; a system of employment exchanges to bring together vacancies and workers and to eliminate unnecessary movement in search of work, some system of Vocational Guidance for new entrants to industry, the concentration of casual jobs by a system of preference upon the minimum number of workers wanted, and the dovetailing of seasonal jobs. If these elements are not dealt with, it is not for want of knowing how to deal with them, but due to lack of will. The case is different with the fluctuations in the activity of industry, which were the chief causes of unemployment."

Cycles of Unemployment

"An equally important feature, shown indirectly by [2] an employment index, is the cycle of social welfare. Largely as a result of fluctuations in the economic prosperity of wage-earners, there are found to be pronounced cycles of suicide, crime, prostitution, pauperism, marriages, migrations, and other social problems. In other words the problem of cyclical employment stands in a position midway between the economic and the social phases of the business cycle; it is a connecting link.

1---Clay, Henry, M.A.,..The Post-War Unemployment Problem..Pages 4-6

2---Manchester Guardian Weekly, March 15, 1929.P.210.

DIRECT MAJOR CAUSES OF UNEMPLOYMENT *

Seasonability In Industry

Seasonability of many great industries is more about the great story of fluctuations that I just touched upon in speaking of Nature's seasons in a preceding paragraph.

The ultimate consumer makes his purchases irregularly during the year. Since the producers no longer produce articles blindly and then attempt to sell them, they produce with a sensitive ear to the consumer's demand. Modern transportation makes it possible for the producer to keep his goods new and fresh as he can produce them just ahead of the demand. With demand irregular, production becomes irregular with a resultant irregular employment for the wage-earner.

From one reliable table it is found that the largest percentage of variations are found in the ice cream, confectionery, millinery, fertilizer (chemical) and women's clothing industries which[1] show a great irregularity of employment. With few exceptions, the industries showing high seasonal variation produce consumers' goods. Fashion and weather conditions seem to determine directly the fluctuations in demand.

"When the seasonal variations in manufacturing[2] are combined with the large fluctuations in construction and mining, it seems probable that seasonal fluctuations cause approximately six per cent of unemployment in these industries..."

1---Federal Reserve Bulletin for November, 1929. Pages 706-716

2---Douglas and Director. The Problem of Unemployment. Chapter 6-especially page 84

Helen Hall. Shall We Stick To The American Dole. The Survey. January 1, 1931. Pages 389-91.

*General Reference.

The Business Cycle

As human beings have their "ups and downs", so does business. In business, we say we are having depression (when up) and prosperity (when down). Prosperity brings extensive production and corresponding employment of all available wage-earners. Depression causes production to fall off, and causes a great increase in unemployment. Writing the last statement in the year 1932 it seems so superfluous! Just as there is competition among business men on the up-trend to make profits, so there is a competition among business men to escape losses on the downward trend.

In the section on Credit, I point out the part that bankers play at both ends of the cycle. Bankers precipitate the fall of industry by their acts--they contract credit at the start of the downward trend. They hope to make safe their loans and there is rivalry among banks (perhaps several financing one industry) to escape losses. The chain of confidence is broken, which causes bankers and business men alike to stop dealing in the future. The condition is realized and there is a snow-down to see where each one stands.

Many argue that a business depression (the downswing of the cycle) is largely psychological,-and perhaps rightly so. Since over three-fourths of business is done on credit (reference elsewhere[1] given) or faith (call it what you will), loss of faith will impair credit. The process is psychological. The interdependence of business operations is made possible by a chain of confidence-without money settlements until away into the future. Loss of faith by one of the interdependents causes a snow-down almost instantly, and the act affects many because the credit privilege which has been passed on to one or more others has to be retracted.

Merle Thorpe, editor of the Nation's Business Magazine, has constantly attacked the problem of depression and unemployment from the psychological angle. Certainly business will pick up, when those who have money no longer fear to put it into use for productive purposes; we all agree that this will help to some extent, at least.

1---"In normal periods three-fourths of nation's business is done on credit." Professors O'Neil and Goggin.

"Monetary causes of the business cycle are real and demand consideration; but as Professor Mitchell (1) points out, the state of mind, whether optimistic or pessimistic, precedes any act which results in the extension or contraction of the use of money in trade. Bankers and men who invest money must have corresponding thoughts which result in acts or the money would not be forthcoming.

Of course, the volume of bank credit is not of an unlimited quantity. But suppose confidence and optimism prevail, how far can prosperity continue? Considering the cost element first, there are certain factors which affect the mind and the judgment of the money interests and producers. Further expansion of plants, operating at capacity, means new equipment at a higher price level, (marginal) units are produced at increasing costs.

A second check is brought about by the credit problem. Further expension means more bank credit; and there is a limit to loaning power of banks, as reserves coupled with legal and customary restrictions offer barriers.

This all shows there are limits to prosperity's possible demands upon monetary and banking institutions. If this last step in expansion, which takes place at prosperity's peak, is at a pace which is in harmony with demand, decline will not set in. It is because some producers have over-stepped actual demand, while hoping for a further increase in prices, that the damage has been done. The problem then resolves itself into a supply-demand problem. The quantity offered is greater than the demand. Prices fall. They must. If panic did not ensue to make producers unload so rapidly, the decline would not be so rapid. But the "dominos" have begun to fall against each other.

"As orders (offers to buy) decline, and profits are threatened, there is the beginning of recognition that prosperity may not last forever. Business men become cautious in granting additional credit to their customers and press for the payment of outstanding obligations. Any weak members of the

1---Mitchell, W. Professor. Business Cycles and Unemployment. Pages 8-10 [Same as (2)]
2---Douglas and Director. The Problem of Unemployment. Page 173

series are caught and their fortunes affect the fortunes of the others. Once begun, the process of liquidation spreads over the entire economic machine, because of the interdependence of enterprises and industries." And, of course, unemployment follows.

Conclusion

"The outstanding group of explanations of business cycles runs in terms of monetary and banking institutions, especially the latter."[1]

Summary

Even though I may point out the general causes of the business cycles, and economists, who have made a life study of the problem, may analyze the problem completely, the business cycle phenomenon will continue to recur. All studies seem to fail to show the world how to prevent these spasmodic swings of the business cycle. In summarizing, it can be said that in a large part they are due to psychological factors, to over-confidence and unreasonable optimism--then undue pessimism, and a general fear of impending disaster at another point in the cycle. And unemployment and underemployment comes with the downward swing--a subsequent disaster.

There is very much that can be done to straighten out the sharp drops of the depressions.[2] Several authorities have offered some very good suggestions in solving the problem.

1---ibid.page 180(chapter 13)
2---Foster and Catchings.Chapter 27and entire volume.

Production Over-Running Consumption

The automobile show in New York at the beginning of 1932 found Ford without a display of his low-priced (mass-production) car. It was rumored by the press that Ford had 32,000, 1931 models of which to dispose. The fact remains that Ford production ceased in December 1931 and no new model appeared for display until March 1932. He, himself, confessed that 35,000 men were re-employed with the resumption of production to produce his new models. 35,000 men were laid off after that over-production period somewhere back in 1931.

Despite the fact that 65,000 men have been employed constantly (more or less, accepting underemployment as employment), the 35,000 unemployed were the victims of production over-running consumption. The results of such inconsistent operation constitute an unhealthy and evil condition. The above example is cited because it is an outstanding illustration of over-production.

Academically speaking, "Production is carried on as an estimate of demand...but production as a whole, is carried on in anticipation of demand, not in direct response to it." Henry Ford undoubtedly over-estimated the demand for his product.

"Production is controlled by business men who are working for profit. If profits expand, an expansion of production may be expected; if they contract, or change into losses, (there is) a contraction of production."

The inherent tendency in modern industry is at one time to over-estimate, and at another time to underestimate. This factor is contributory in bringing about the business cycle. (The over-production phenonomenon is discussed in this connection in another section.)

Over-production precedes the depression crisis; that also has been pointed out. One pleasing

1---Clay, Henry.The Post-War Unemployment Problem Page 7.

feature about the boom and the slump is this: Prosperity breeds the crisis that leads eventually to depression, and depression produces of itself the conditions that restore prosperity.

Depleted inventories of the depression under-production periods make way for new goods which will be produced in abundance with the upward swing. Production has to follow this period of inactivity; the demand becomes strengthened.

The late Dwight Morrow, as reported by the Survey (1) Magazine, said this upward trend is begun with resumption of production and little is known about it until about sixty days after it has begun. I cannot refer exactly to the magazine issue containing the preceding statement, but similarly in another periodical, George E. Roberts says, "We never see the impelling forces from which revival springs until afterward."

1---Nation's Business. April, 1931.Page 26.

The Slowness With Which Money is Circulating

Carter Glass is a great money expert: he helped frame the Federal Reserve System. Now he is working on a bill for permanent improvement of the Reserve System. The explanation of the revision desired and the desired result of increasing currency follows:

"The federal Reserve Act requires a 40 per cent, gold reserve against the issuance of notes. Sixty per cent, may be in eligible paper. At the present time, notes in round figures total $2,900,000,000. The gold reserve is roughly $2,000,000,000 and the eligible paper only $900,000,000. In other words the gold coverage instead of being 40 per cent is nearly 80 per cent.

"Through a combination of extraordinary circumstances, there is a shortage of eligible paper and an excess of gold. Under present requirements, an increase in eligible paper can come about only by increased discounting on part of member banks, and these banks have not wanted to increase their indebtedness at the Federal Reserve.

"The new bill proposes to increase the supply of eligible paper. By authority of the Federal Reserve Board the Reserve banks would be allowed to use their assets, mostly government securities, as eligible paper. This increase in the availability of eligible paper would immediately free gold which is now tied up as collateral for note issues. Roughly, there would be created the basis for a possible increase of $2,000,000,000 in currency." This bill [2] was passed and is the same to which I referred in the introduction.

The Federal Reserve Ratio is high and in a simple way it can be explained that there is possible much more use of the currency based (authorized) upon this high reserve if the money would but be used by industry. Because the wheels of industry are slowed down or stopped by this depression, currency for extensive productions and for the "pay envelopes," money is not secured for use.

1---Correspondent of Wall Street Journal in Literary Digest of February 27, 1932.Deflation, Underdeflation--Not Inflation.Page 10.

2---See reference Page 1.(Reconstruction Finance Corporation.)

Normally, money that is paid in wages flows freely to the merchants and back to the producers for more production. If industry (used in broad sense as elsewhere throughout thesis) thought it wise to resume operations, currency would not remain inactive. Money could start on its merry-go-round course and without depression inhibitions money would flow freely through consumers' hands. (1)

With currency flowing twice as fast, twice as many people would have the money to spend. The cycle of spending with swiftness is one of the ear-marks of prosperity. Stagnant pools of money hidden away cause money to circulate at a snail's pace. This condition is unhealthy for business. Money may be used over and over. Live merchandise on the store shelves turning over many times a year, while making only a few cents on each turn-over, soon bring in an appreciable profit to the merchant. The dollar invested in the goods is circulating freely. All industry is happy.

In this depression era, with the dollar invested in "slow" merchandise (once quick selling not considering naturally poor sellers) gets lonesome and homesick for broad travel. With a "traveling" dollar everyone is prosperously happy. Slow moving currency is certainly a cause of depression, in that a decrease of one-half in the individual consumers' yearly amount of currency results in decreasing one-half (other things being equal) his power to purchase producers' goods. Inversely production of commodities increased by the functioning of the circulating money as follows:

"The additional money required for circulation of (2)
this greater quantity of commodities...must be secured by some measure which accelerates the circulation of the same coins (medium of circulation)."

1---Foster, Catchings.Profits.Chapter 27."Volume of Money." 1925.Pages 307-332.
2---Marx,Karl.Capital.Volume II (Capitalistic Circulation) 1910.

Technological Unemployment

"Workers are not thrown permanently out of employment by improvements in technical production, and managerial efficiency, but they are instead ultimately either employed in other industires or continued to be employed in the industry in which the improvement took place. It takes time for the readjustment and during this period many individuals suffer. We shall not make much progress in dealing with the human results of technical change or in controlling it until we see fairly clearly that the ultimate benefits that flow to society in the form of higher real incomes is obtained only at the cost of great and undeserved hardships to many."

Along this same line of thought I remember a computation that the American Federation of Labor made and published in a labor newspaper about a year ago. In substance the figures showed that of the income from mechanical improvements which we call technological improvement, labor got one-seventh, and capital got six-sevenths of the money that came as a result of the improvement. (See Appendix, page 3.)

It has been asserted and ably substantiated that in spite of improvement in production (technological improvement) of industry, the indestructibility of the purchasing power of the previous consumers will ultimately re-employ any displaced workers. In this event the shoe pinches, because there is likely to be a considerable intervening period of unemployment.

"...the production of goods constitutes the demand for goods and the increase in the quality of one commodity is of itself an increase in the demand for all other commodities. Improvements, it is argued, create opportunities in the same or in other lines for the employment of labor."

It is the period of readjustment, causing temporary unemployment, with which we must occupy our attention. Of course, if we possess the preceding idea that labor has but to find a new niche in the economic system as a result of temporary unemployment, at least there is the unemployment problem. But

Douglas & Director. Chapter on Technological Unemployment. Pages 143-159.

what can be done to re-establish what has been displaced? What happens in the meantime?

Some of the effects of technical progress are as follows:

1. "There will be a transitional period of[1] unemployment, even in industries where more workers will ultimately be employed.

2. "Laborers who are squeezed out from the numerically contracting industries are not immediately absorbed into the expanding industires.

3. "The process by which the workers are reabsorbed involves a much larger number of separate shifts in which some time is lost at virtually every stage.

4. "The decline in some of the industries involves changes of work and of residence which most workers are generally reluctant to undertake.

Means of Reducing The Losses of Temporary Unemployment

1. "The forecasting by competent organizations of the industries and trades in which a displacement of labor is most likely to occur and the probable degree of displacement which may be expected.

2. "The planning and scheduling by managers of the technical change with a view to reducing the displacement of labor.

3. "In industries which are affected by public interest, such as railroads, etc., mergers and consolidations might be permitted only on condition that men whose services were otherwise satisfactory should not, because of this fact, be dropped from the payroll.

1---ibid.page 21

4. "An efficient system of public employment offices should be provided which will help to find a job for the displaced workers in other industries or occupations.

5. "In revamping our systems of vocational training so that juveniles who are being trained may be given some preparation which will fit them for alternative industries and displaced adults prepared for new lines of work.

6. "The payment of a dismissal wage for those who are forced out of employment by such changes is also distinctly useful.

7. "It would seem, therefore, to be relatively clear that some general method of protection should be devised which would draw its funds from a wider source than the immediate plant or even the given industry where the workers were laid off. The only method of meeting these requirements would be some form of insurance against unemployments. While this is still anathema to most American business men, it would seem inevitable consequences of industrial progress a change and thus released for constructive effort."

The Case Against Technological Unemployment

Technical improvement has been a wonderful thing; we owe many of our pleasant leisure hours to technical progress. But in the story of this marvelous progress, keep in mind the plot of the old fable of the donkey that accepted the load of sponges rather than take the burden of some of the other packs on his fable journey. How light was his load until in the course of the journey the donkey was forced to swim across a deep, deep river? You know what befell the poor donkey.

Technological improvement has lightened the loads of the people, but there are so many rivers to ford in this depression country!

1---ibid.page 21

In considering this topic the important thing to remember is that inventions came slowly before 1900, and as men were displaced by improvements in one industry, most of them could find jobs in new ones.

In the word picture which follows, a miracle can be seen accomplished by men with machines almost performed by machines without men.

"With drum-shattering gasps it is solemnly picking up pieces of steel, fitting them to a pattern, dropping the unit down for some attention---raising it up, placing it on a little carriage of delicate steel rods...carriage after carriage, which rush and stop, rush and stop, rush and stop, in our direction...

"As the frames advance and stop, two batteries of steel dragons, with jaws like those of stone Aztec serpents, move forward upon them, one from either side. Their round metal eyes glitter, their jaws are distended to cavernous proportions, they nuzzle into their victim's vitals, select each a sought-for rivet, then slowly, relentlessly, even softy, the great jaws close. The final crunch of 40,000 pounds upon the rivet head is effortless. Gently the jaws open; gently and solemnly both batteries retreat. The frame moves on to another group of monsters, where the process is repeated with a second set of rivets. One hundred rivets require about 100 dragons, and only about six can operate comfortably at one 'station.'

"Sometimes, if you please, the beast opens its mouth to bite, thinks better of it, retires, rears up into a more ferocious position, and then comes dreadfully down. It is reported that Mr. Otto Kahn could not be budged from his entranced survey of this deliberate animal. "I have seen many ingenious machines," he said, "but this is the first that ever I saw which started to do a job, stopped, spit on its hands, hitched up its overalls, and then went to work!""

1---Chase, Stuart.Danger at the A.O. Smith Corporation.Fortune, November 1930.Page 62

Conclusion

Is it possible to achieve a speed of technical progress which will make a "normal" economic process no longer economic?

There is no doubt that one great major fundamental factor producing unemployment today is the increasing invention of labor-saving machines. Its effect, furthermore, is far-reaching and is causing us to show greater concern than ever before.

For men to be thrown out of their jobs by machines is not new in itself. Since the Industrial Revolution, the invented machine has replaced the work of men. But more jobs were created for the displaced workers in the new industries which sprang up.

The invention of the automobile was not disastrous,(1) in the above sense, because many new jobs were brought into existence. General Motors in a series of radio programs of last year, entitled the Chevrolet Chronicle, allowed its representatives to say that one worker out of every ten is directly or indirectly employed because of the automobile. Wagon builders, for example, could become automobile builders.

A new condition in industry now exists, however. It is called technological unemployment which means unemployment that comes because power-driven machines are invented more rapidly than jobs can be created. The term is just another name for discord in our economic life. Machine-improvement is like fire; it is a good servant but a poor master. Paradoxically, machines which brought about shorter working days with equal pay, are bringing about workless days without pay.

Will the machine that creates wealth also create poverty? It possibly is creating for us, gradually, a permanent class of unemployed. Without careful planning of the nation's business, industry, and agriculture, we shall have increasing technological unemployment--I think it is safe to say.

1---Withers,Hartley.Poverty and Waste.Pp.19,20,21.

(See appendix page 101)

INDIRECT MAJOR CAUSES OF UNEMPLOYMENT

War

When the trumpet of war has ceased to sound and peace treaties are signed, warriors return to normal activities again. But what really becomes of the organizations and the men when the need for them no longer exists? "It was the reaction, or aftermath, from a distorted and wartime expansion which is largely responsible for the present depression." This in substance is what Mr. Atwood, writer for the Saturday Evening Post, said in the December 26, 1931 issue.

After a war, thousands that had been mobilized for war purposes (front line and at home) are poured rapidly into the labor market for peace-time production. Some who learned to be self-supporting in war-time soon found their productive efforts no longer needed.

War, viewed from another angle, shows a great tax burden placed upon the populance that is endeavoring to recover from the war. "Seventy per cent of the tax dollar goes for war." What a burden is placed upon the people who are constantly paying for past, present, and future wars!

It is an astounding statement to make that the cost of past, present,and future wars cost so much. Seventy per cent of the tax dollar of the United States mounts up to an enormous sum. Yet taking into consideration the maintenance of a large army and navy with the equipment of each, the stated cost appears to be more reasonable. Considering furthermore, the ultimate cost to the Government in pensions, war hospitals, army and navy salaries, and the army and navy schools, the outlay of tax money must of necessity be stupendous.

This is not the whole story, however. Without discussing the loss of productive power as a result of death and injuries of the participants, there remain the statistics of the other economic costs of destructive wars. Money spent for ammunition cannot be called capital (goods used to produce more

1---Literary Digest.June 27, 1931.P.9.(See Appendix page 99.

goods); the money spent for war purposes is entirely unproductive. A full and complete treatment of war and its consequences is a subject sufficient in scope for thesis treatment in intself. But there is still one consequence of war yet unmentioned.

War leads to over-expansion along those lines which have especial significance for war. Exceptionally high prices are paid for the products which are emphasized. This activity, in times, leads to excessive expansion and then, after the war, a collapse.

"Food will win the war," was the slogan during the last war. Agriculturalists produced wheat, and then more wheat,which sold at high prices. After the war the high price level could not be maintained. The illusion was shattered and the farmers were left "holding the bag." This fact is true not only figuratively, but also literally. The Government stepped in and tried to peg the price of wheat with its revolving fund and, as Will Rogers might say, "the government is still turned around."(1) Even if the Government is helping the farmers "to hold the bag," the fact is almost forgotten by all that the evil began with war-time expansion. Production over-ran consumption as a result. It is herein pointed out how this last condition causes unemployment. In conclusion, it is safe to say that war has done very much to impoverish the nation and to cause unemployment.

1---(As perhaps Will Rogers might say.)

World Agricultural Crisis

There is an over-abundance of agricultural products. Reclamation projects carried out by the government appear to be hardly a logical economic procedure at this time. It would tend to increase the acreage of productive land. Public opinion is naturally against any move by congresses to appropriate money for this purpose.

The farmers themselves are not improving their marginal land; they have not the heart or the money to attack the marginal land problem (to fertilize, remove stumps, etc.).

Surplus crops are a very important phase of the present world agricultural crisis. Russia's use of improved farm machinery and her subsequent dumping of produce on world markets has hindered materially our produce marketing.

From another angle the influx of people from the farms to the cities because of the less need of workmen has intensified the unemployment problem. Then vacated farmlands and buildings, run down through lack of care have decreased the value of taxable property. Indirectly, less taxes mean less municipal money to make work for the unemployed.

The Poor Farmer

Chain stores are featuring as "loss leaders" farmers' produce and are thus in effect forcing a lower and still lower price upon the farmer; other sellers of farmers' produce must bring down prices to compete with chain stores. (Example: Atlantic and Pacific Tea Company.)

Chain stores are going into the producers' markets and buying the producers' goods. In Maine the "chains" are financing planting and as a result are really buying produce (potatoes) at their own prices. (In Gloucester, Massachusetts, this chain store is likewise in the fish business.)

1---Friedrich, A.E..Economic Behavior.Pages 460,462,464.

"The country as a whole has been profiting by price of farm products too low to remunerate the producer adequately." How long this differential in favor of the non-agricultural classes will continue, it is impossible to say." Farmers are saying, "How long, O Lord!"

1---Hoover's Committee.Recent Economic Trends.
Page 601.

Speculation

"....this process (deflation following inflation) is not beyond the comprehension of the simplest minds. It fits in with the understandable laws of life, knowledge of which gives us all the stability and courage to carry on."[1]

The above is a short quotation and its only justification is its simple clear statement of the status quo of the unemployment situation that makes its inclusion at this point pertinent.

Cause: Life is Uncertain

Neither Mr. Lorimer nor Mr. Coolidge lays very much blame on the economic system. People put their finger in the wheels of chance and if they got them jammed, they have themselves to blame for the bleeding fingers. The fact that this all is understandable clears the phenomenon of its mystery and fatalism, so that the person may be able to find himself.[2]

Reading between the lines of the unusual editorial of Mr. Lorimer, it is clear that there is a very definite limit to the chances that one can take in this capitalistic economic system of ours. Mr. Coolidge, as well speaks of the great uncertainties of life. Mr. Coolidge further states:[3]

"No law, no regulation, no government supervision, no skill in management, has ever been devised that could protect invested property from temporary fluctuations and occasional loss..They are the hazards of our finite existence. Only omnisience can guard against them. .. .The great fact of life is uncertainty.[4]

"The best recipe for financial security is to live within our means. This is our ancient faith. We have found nothing better."[5]

1---Coolidge, Calvin.In Times Like These.American Magazine.February 1932.
2---ibid.Pages 11,13,110.
3---Saturday Evening Post.January 23, 1932.Horace Lorimer
4---ibid.page 1
5---Bureau of Industrial Technology.Report by New York Times.March 22, 1926.(See appendix page 101)

One has to admit that both of these writers that I have mentioned are important men in the field of public thought. Yet neither of them suggested that we revamp the economic system. They both harked back to the days of yore. There was nothing radical in the reasoning of either of them. Mr. Coolidge further in his article showed that introspection was necessary to get back to normalcy: Keep the faith, humble one's self as Job did; don't think too highly of one's self; live within one's means!

Then too, Professor Carver of Harvard in a radio address during the last of January of this year sounded practically the same keynote to the public. He advised people to spend rationally. He likened the convalescence of the people from this depression to the recovery of a person who has been ill. He advocated going slowly, feeling the way along, was the best way to recovery, much the same way that a person gradually works his way back to strength and his usual activity.

Hoarding Money as a Cause of Depression

History shows that in times of depression something has happened to the natural flow of money in the channels of trade. It is clearly understood that "goods are not used to produce more goods" because there is present a fear that those goods will not be sold at a profit. Money is withheld. The money that is withheld from trade not only interferes with the distribution of goods, but also interferes with the distribution of income.

The "fixed charges" of the family remain practically the same. There is the rent, the fuel, the food, and the clothes bill. From the average family which has one or more wage-earners, arises the source of increment of the average shopkeeper. From the average family of America money comes to the business man because he sells goods to the family whose fixed income remains the same whether the god of prosperity rules or is dethroned. It is easy to see, however, that as

soon as the income of the great major group of the populance of America (the wage-earning group) is shut off, or is curtailed, there is an immediate effect upon this next group with whom the wage-earners spend their income. The group in America that have the sufficient money over and above the amount for the "fixed charges" is not the major group, but are of the minority. It is the upper strata, the money-group, that must have the pangs of conscience as their President makes the accusation that...

"Everyone hoarding currency injures not only[1] his own prospects and those of his family, but is acting contrary to the common good. It is to their own interest that they should return it to circulation as well as patriotic service to the country as a whole...During the great war our people gave their undivided energies to the national purpose. Today we are engaged in a great war against depression... I therefore request our citizens to enlist..."

Of course the above dissertation on the matter of hoarding seems to place it as a major consideration in the solution of the unemployment problem. It is a major matter that has given even the President of the United States occasion to make a general appeal to the general public not to hoard.

The word "hoarding" had gone almost from my vocabulary, as I have had no occasion to use the word since the hoarding of sugar during the War. Some people use this term as "Betting against the Government."

"Recently the greatest aggregation of natural[2] optimists on earth, the American people, have been betting against the United States; prompted not by reason but by fear--the fear of losing money, which is the one fear that has always

1---Herald.Text of Hoover's Appeal.Feb.3,1932

2---Lefevre, Edwin.Betting Against the United States.Saturday Evening Post,November 7,1931. Pages 11 and 122.

kept men from making it.The most progressive of all nations has been standing still, which is not only un-American but unprofitable. We have been hiding cash for safety, even if the hole under the loose brick in the hearth and the old coffee pot on the pantry shelf has been replaced by safe-deposit boxes. At a time when unemployment was the national nightmare, one billion American dollars stopped being busy. Don't try to figure what this would mean in normal times. It is safe to say that the withdrawals of currency from circulation immobilized at least five million of credit to do modern business with. It did not surprise me when a banker who often indulges in philosophical speculations as to his own business remarked: 'I wonder whether the modern credit system is not gradually being abandoned!'"

In the conclusion of the article the author states that the principal reason for hoarding is fear.

Paralyzed Credit: The Reason

In a brief way I shall show the course of events which finally result in paralyzed credit:

A rapid increase in production accompanied by [1] a constant rise in prices causes a great demand for capital, or what temporarily equally serves the purpose--credit. The speculative producers bring the bankers into the process because producers turn to them. If a loan is granted, it is because they see their opportunity to enrich themselves. Banks, too, are engaged in business to make a net profit so credit is supplied to the speculators if the risk is not too great. Speculative production is financed by banks and their extensive cooperation in this respect carries the speculative production beyond the point it could otherwise go.

1---Foster and Catchings.Profits.Page 251

Banks often make possible the galloping [1]
production which soon over-reaches the demand
unless the expansion is carefully watched.
The urge is present and with the necessary
funds, soon a larger inventory is in the ware-
houses waiting for distribution. But if dis-
tribution does not come at the expected rate,
and if conditions look bad, the bankers may
become panicky and begin calling in their loans.
Sufficient pressure brought to bear by bankers
at this point in the process will force pro-
ducers to sell when the market is perhaps unable
to absorb the quantity offered. With forced
selling the prices fall. Contracting credit
hastens and intensifies this movement. It is
at this stage that producers and merchants are
usually ruined. Confidence has been detaroned;
distrust reigns. Unemployment ensues. Similar
business catastrophes disrupt the confidence
that is so necessary for the giving of credit.
"Money is tight," people say. Depression fol-
lows.

Hard times and good times are inevitable in a
private capitalistic production system. The
banks are in the very scheme of the rise or fall.

The boom is financed by the banks by extending
credit. With the contraction of credit at times
when industry needs more and extended credit,
the banks refuse. They run to cover, recall
loans, and depression becomes a reality. "Those
that don't run to cover fail."
Now the trend of this discussion would make one [2]
think that both slump and boom are intensified
by credit. Paralyzed credit, as the layman knows
"no credit," is a result of misuse of bank credit
at the other end of the business cycle. The use
of money, that primarily was secured through
bank credit and which eventually finances over-
production, brings about the unhealthy economic

1---Chase, Stuart, The Nemesis of American Business
1931.Page 94.
2---Donaldson, Dr. Criticism

condition that breeds depression. Banks cannot be expected to extend credit again until "things look better." If money is loaned and invested to borrowers before conditions warrant this extension of credit, the recipients lose, and banks are less likely to have loans repaid.

True enough, this credit power which the banks have and can extend when conditions and borrowers warrant, can work the wonders of an "Aladdin * Lamp" if used rightly. Yet bankers must make sure that the lamp when "rubbed" will bring something to themselves.

Can we blame the banks for not loaning the "Aladdin Lamp" (extend credit) now (1932)? They might not get their "Lamp" back at all. After all, they are in the bank business for profits. But how wonderful it would be if more credit could be granted now so that money could be used in industry to give jobs.

"That permanent lay-off does exist, that it is[1] showing a marked increase in recent years (accentuated, no doubt, by the industrial crisis) and that this type of displacement is destined to grow, all seem obvious to economist, business executive and educator alike. If one grants (Thorndike's proof) that adults can learn satisfactorily, it is likewise obvious that in the re-education of men and women displaced in industry may lie one effective weapon in combatting this type of unemployment, one remedial factor in a highly perplexing situation."

Even so it is a difficult task of digging up the roots of an employee who has them well planted. He thought he was established in a job for the rest of his life. Perhaps it is academically logical for a person to transplant himself but this matter of studying for a job is often heart-breaking.

1---Chase, Stuart-and others.Unemployment and Adult Education.Page 5.

* Illustration using "Aladdin Lamp" to mean money or money credit.

The Lack of Savings

No scheme can force people to save and not to spend. Coercion must give way to conviction and to persuasion. By educating the people to conserve earnings, the means of livelihood may be made more secure. After all, self-protection has its merits and if people can learn to protect themselves by insurance or by saving deposits, a great step will have been taken to eradicate the evils of unemployment.

Christ said that we should always have the poor with us. In this free country of ours it is quite difficult to keep anyone from amusing himself, from throwing his money away, or from buying excessively.

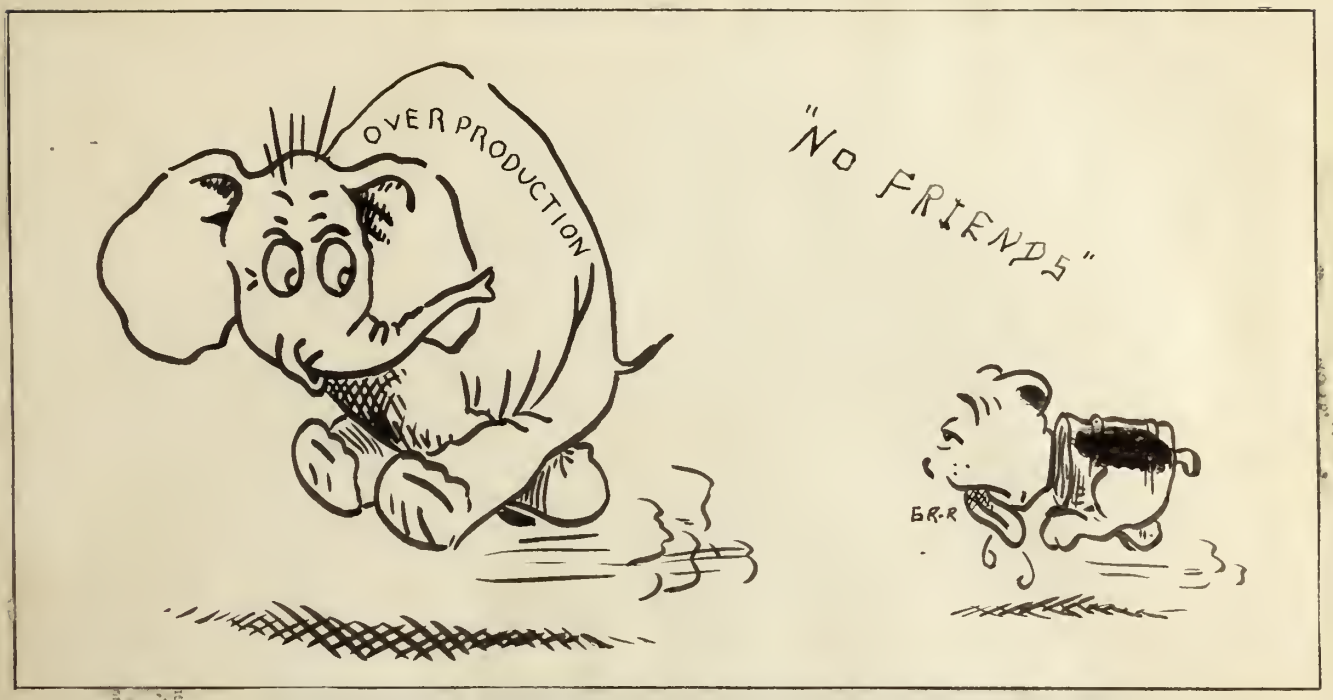
Some distress, it has to be granted, is an aftermath of the failure of persons to save. Very often society comes to the rescue, and is expected to help--regardless of the manner the recipient of welfare aid may have squandered his money previously.

It seems reasonable to believe--granting that society is responsible to some degree to give assistance in a crisis--that society has the right to restrict (to some extent) the use to which people put their money in normal times.

It is a long and tedious process, at best, to teach people to manage well and to spend and save wisely. Many will be extravagant and be guilty of mismanagement in spite of the execution of any conceivable device to get people to conserve. In a government that is a democracy what can be done?

The government can, I think, however, set up a condition which the recipient must fulfill to be eligible to receive financial assistance in the period of distress that follows disaster. For example, the government can say that anyone who puts aside three per cent of his income for insurance against unemployment may receive aid because he has met conditions.

"Overproduction"- - A Picture



At present if all could share in the wealth [4] of the United States, there would be very few who would be forced to go without food and the other necessities of life. And I believe fortunate persons with wealth and large incomes are willing to share with others to an appreciable extent if the unfortunate one's misfortune was not caused by the person's own carelessness. On the other hand, people are loath to help those who have engaged in wanton extravagance and mismanagement while they themselves have saved through sacrifice.

If people will make an effort to help themselves, help will seem to come at the crucial moment from the outside. Persons who give, however, require the recipients to play life's game by their own careful rules, it appears.

Misfortune Comes to the Careless Person-Some Believe

It is a common belief that poor people and unemployed persons get that way because they made themselves vulnerable by the uncertainties of life. It is the attitude of the ant toward the butterfly; while the ant toiled the butterfly flew about and did not prepare for winter. The attitude of the ant is different if the butterfly's provisions are washed away by flood or are taken by some other calamity. From this line of reasoning, a person who contributed to some form of unemployment fund would be classified as an ant.

1---Report of the Federal Trade Commission. 1926. Pp. 1-4. This agrees with the report of the United States Commission on Industrial Relations in 1916: the rich 2 per cent of the people of America owned 60 per cent of the wealth; the middle class 33 per cent owned 35 per cent of the wealth; the poor 65 per cent owned 5 per cent of the wealth. Only 4,171,051 persons received sufficient income to play any income tax in 1925.

DIRECT MINOR CAUSES OF UNEMPLOYMENT

Greater Efficiency In Management

A certain amount of unemployment comes as a result (1) of improvement in management methods. With the coming of mergers and consolidations,there has been an elimination of duplicate office forces. Introduction of piece-rates has tended tc speed up the workers' out-put and has localized the responsibility for slow and inefficient workmen. Centralization of management control, furthermore, has decreased the actual number of white-collar workers and even the lesser executives. General Motors is an outstanding example of centralized control of a large industry,the automotive industry.

The general effect of great mergers and consolidations has been to eliminate employees who under a combined are overlapping and superfluous, and to close down the less efficient plants, all of which is justifiable under the name of efficiency, but which, nevertheless, throws workers out of employment. What happens to the displaced workers, has been discussed under technological unemployment. Theoretically, these workers find new positions, in time, if future progress runs true to form as formerly. (See page 25)

Eastman Kodak Company is an example in point of a (2) combine that has bought other plants and closed them temporarily or permanently.

As a cause of mergers and consolidation, the desire for power and monopolistic control is undeniable. Of course, (the American Federation of Labor interrogates) if the net profits from such saving to the owners is used in such a way as to benefit the employee displaced, the result is not so great an evil. But does the employee share proportionately in the great savings which mergers and consolidation managerial methods bring in net profits to the owners? (3) Here again is another problematical unanswered query. (See last line page 98)

1---Sutcliffe, Professor.Economic lectures(course) "Economic Trends." Winter, 1931

2---Douglas and Director.The Problem of Unemployment Page 133

3---See appendix page 103 and 104.

(PREFACE TO THE IMMOBILITY OF LABOR)

Changed Outlook in Regard to Population

"I think the biggest change made in economic [1] theory during the last hundred years is to be found in the treatment of Population. In 1831, Malthus was still alive, and quite unrepentent for the shock he had given the public thirty-three years earlier by his "Essay On the Principal of Population as it Affects the Future Improvement of Society."

Malthus advanced the theory, which is clearly remembered by every student of economics, that the natural limitation of fertile and well situated land must necessarily mean that the more numerous the people, the more difficult it must be for them to feed themselves. "The economic history of the last hundred years has tended to bring about a very complete reversal of economists' views of the matter,"--Professor E. Cannon goes on to say.

"Modern science has changed our outlook. All this emphasis on food is now out of date. We no longer look forward to a future in which an increasing population will be forced by the operation of the law of diminishing returns to devote a larger proportion of its whole labor force to the production of food. We know that even in the past, with a rapidly increasing population, the returns to agricultural industry have increased so much that civilized mankind has been able to feed itself better and better, while giving a smaller and even smaller proportion of its whole labor force to the production of bare subsistence; and we can reasonably respect that the increase in the productiveness of agricultural industry will be at least as great in the future, so that under the combined influence of the 'narrow capacity of the individual stomach' and the stationary number of stomachs, not only a smaller and even smaller proportion, but a smaller and smaller absolute number of workers will be able to raise food for the whole[number of workers.]

"And while many of the working class have become property owners, many of the propertied class have

1---Economic Journal-December 1931.Volume XVI #164 (The Royal Economic Journal).The Changed Outlook In Regard to Population, 1931- Page 519

become the paid servants of public companies and other institutions, so that the old sharp distinction between the wage-earner and the capitalist is become a thing of the past, and the division of income between property and labor is no longer a division between two classes composed of different individuals, but a division between two sources of income largely possessed by the same individuals.

"Thus in Distribution, emphasis of land, capital, and labor is rapidly being replaced by emphasis on individual riches and poverty, however arising. No longer do we think of relieving poverty by improving the terms of the general bargain which theory conceives labor as making with capital; we are much more likely to meet with arguments that individual poverty is being caused by this general bargain being too much in favor of the wage-earners. It is no longer the lowness of standard earnings that worries the philanthropic economist, but the fact that so many people are unable to rank themselves among recipients of those wages. Emphasis is on Unemployment.

"Unemployment is not really a very modern phenomenon.[1] The crowds of beggars who collected their daily dole in the Middle Ages from the monasteries and from private wayfarers and householders were perhaps as large a proportion of the population as the normal registered unemployed of today. The 'distresses' of the period just preceding a hundred years ago seem to have been accompanied by enormous unemployment, but we have no reliable statistics, and the loose statements, such as in Birmingham in 1817, one-third of the work-people were wholly unemployed and all the rest on half-time, do not help us much. But so far as I know, it has never been contended that history shows unemployment to be greater when population, and even population of working age, is rapidly increasing."

Immobility of Labor

We ought not to imagine that a stationary or declining population will rid us of the trouble of unemployment. It will provide more rather than less reason for promoting mobility of labor in place and occupation, and

1---Aristotle.Politics.Book VII.Chapter V. See app.101.

we shall have to take more care, rather than less, than at present to secure the arrangements which seem superficially desirable do not hinder that mobility. "After all, the increase (population) must stop sometime, and watching the effect of the stoppage will be a very interesting experience."

Inadequacy of Placement Agencies

"The high possibilities which are latent in public employment work are therefore almost totally unrealized in the actual practice of the offices. The American Public has in fact started these offices and then has gone off and forgotten them (Placement Agencies). Meager financial support is partly responsible for this comparative inefficiency but even with the funds available, the offices should do better than they do. [1]

"If a number of experiment stations could be established in various sections of the country, they would do much to raise, by the force of their example, the general level of practice by the offices.

If one visits the public employment offices of the various states, a distinctly unfavorable general impression is received. With a few honorable exceptions, the offices are generally located on dingy streets and are dirty and unattractive. The personnel is underpaid and as the New York Advisory Committee declared 'frequently inert and indifferent.' It is generally untrained in placement works and keeps poor records. In most states the men and women in service owe their appointment and retention to political influence rather than to fitness, and many appear only irregularly for work. As a consequence of this, with rare exceptions, the work of the office does not command the confidence either of employees or of the better class of workmen."

So a man unemployed may stay out of work because of [2] the inadequacy of these so-called placement agencies. There appears to be no appreciation of the possibilities of placement agencies by the agents who meet the unemployed, nor by the ones who established them.

1---Douglas and Director. The Problem of Unemployment. Pages 341-2

2---New York Advisory Committee on Unemployment. The New York State Employment Service. Volume II. P.62. (The local superintendent receives a salary of only $3000.)

INDIRECT MINOR CAUSES

Excessive Optimism

"The penalty which our uncontrolled machine age exacts is overproduction and loss of economic stability."[1]

Automobile production and distribution on installment plan is a concrete example of applied excessive business optimism. But..."We are beginning to be frightened now. The professional optimists are fading from the front pages. The business temper is increasingly one of honest facing of facts: Automobile production for 1930 fell by a cool 33 per cent below 1929 and is now functioning at a fraction of its capacity." Mr. Chase goes on to say that this excessive optimism "went sour."

Buying on the installment plan is one form of excessive optimism. Furniture, automobiles, radios and clothing are just some of the items that are bought without due respect to the income of the purchaser. Factories and stores are built far in advance of present need. Money is invested and futures are mortgaged because people believe in the future - often too much.

Why do people without a tremor spend in advance of their needs and actual income? Because they believe with optimism that "rainy days" are days of another era.

In 1928 and 1929 people were far removed from serious consideration of food, clothing and shelter. Even the American Federation Labor members smiled to think that "a full dinner pail" had ever been their slogan.

Excessive optimism keeps people from facing reality; keeps people from saving and conserving while realizing life is extremely uncertain.

1---Chase, Stuart. Nemesis of American Business. Pages 87 and 168.

INDIRECT MINOR CAUSES -continued

Excessive Optimism -continued

The undefeatable souls of men imbued with the desire for power force them on constantly to new attainments. The belief in themselves coupled with great ambition has driven many to the top of the ladder of success. The fact that we have numerous examples of millionaires who have arisen from bankruptcy to achieve a money success bespeaks of the great confidence and optimism that many men possess. "Hope springs eternal." The hope and faith to gain new heights in financial power has led many times to over-production and over-expansion of industry.

The possession of the admirable trait should not be condemned, perhaps but the unwillingness of promoters and producers to accept limits, no doubt, has entailed a great deal of suffering for others. Again too, much optimism has made people too confident of the stability of their economic life. They have not sufficient fear to make them provident. Imagine, a butterfly is an optimist; and I suspect an ant is somewhat of a pessimist.

Gold: The Shifting of Gold Holdings

"It is true that gold accumulating in the hands of [1] France does not become available for the purpose of financing the world's industries and trade as fast as gold accumulating in England or with us. No doubt, France's absorption of so large a share of the world's gold is a disturbing factor, particularly so because it cramps the lending power of London, normally the most active and liberal international banking center. It would be most desirable, therefore, to devise ways and means to relieve the stain on England's gold chest; for the ownership of so excessive a portion of the world's gold places all too heavy responsibiltiy on France and us, and the present situation would be substantially relieved if this responsibility were shared to a larger extent with Great Britain."

1---Warburg, Paul M.(Chairman of Manhattan Company) Report to Directors.January 8, 1931.

Tariffs

Economic introspection has resulted in a selfish tariff policy. With both domestic and foreign trade showing signs of decline, it seemed the signal to build up new barriers against world trade. This does not appear to be a happy method of encouraging our foreign customers to buy more of our products. Nor does it make it easier for other nations to pay their Governmental debts to the United States.

England, as an example of a country which has attempted this self-protection policy, has merchants display England-made goods on a separate display section of their stores to induce its subjects to buy home goods.

Chain stores of New England advertise under the slogan, "Buy New England made goods!" A sectional policy of sectional protection has sprung up. An economic nationalism is a great factor in our depression thinking. Russia has sought to insure self-sufficiency which attempts began before the world slump of trade, and is continuing with this policy of self-protection through the world depression period.

The world over there is in fear of a limited market which causes most men and women to believe that even in normal times the opportunities for employment are limited, and if some persons obtain work they can do so only by depriving others of the chance to earn. The believers of a protective tariff say that when we buy foreign goods, we give employment to foreign labor and deprive native workers of that employment which would be their's if we instead purchased domestic products. Largely for this reason, the great bulk of the people believe in this protection argument. A barring of imports, they further argue, not only automatically decreases exports, as every student of international trade well knows, and hence creates unemployment in the exporting industries, but it also means that a larger proportion of the consumer's income is now spent on those goods which, because of their lower price, formerly were exported. Less money will remain to be spent on other commodities produced at home and, consequently,

the numbers employed in these other lines of work will shrink.

Here again I have touched upon a broad subject that deserves extensive treatment. The summary of the principles involved will assist, however, in demonstrating a great fallacy: As a matter of fact, the employment of any group of workers is normally not purchased at the expense of unemployment of others. By producing goods and adding purchasing power, rather, these workers create opportunities for employment in other lines.

Protective tariffs ultimately bring about conditions that cause unemployment. Such measures interfere with the normal beneficial prosperity producing channels of trade.

Old Age

"Mr. Davis, Ex-Secretary of Labor, tells us that (1) when he was working in the steel mills the dead line was fifty. When a man reached that age, he was given, if he was lucky, a gold watch, a set of resolutions and a discharge. He was too old for the steel mills. In those days there was no dead line in the lighter industries. But today he says, the dead line is spreading through executive offices and the clerical trades as well as in the mill and the shop. The limit furthermore is creeping downward--from fifty to forty-five to forty, and even lower. (2)

"Unemployment, of course, is no new phenomenon. But this situation is entirely new. Never until the last few years, and in no country, save America, have age limits been set up - written or unwritten - in quantity lots; never have older men, often skilled and competent, had so much trouble in finding new work."

The article advocates a careful nation-wide study of jobs, conducted primarily to determine what positions the older man is capable of filling as well, or better than the man with more youth. There should be, he continues his thought, millions of such jobs

1---Chase, Stuart.Laid Off At Forty.Harper's Magazine.August 1929.

2---Chase, Stuart.Nemesis of American Business.1931 Page 145.

because of the growing automatic processes.

The United States Rubber Company is an example of a factory that stopped production permanently and dismissed its wage-earners. The company paid a dismissal wage of a week's pay for every year of service to all those who had been in service for ten years. No doubt, this was a step in the right direction if it represents a trend in manufacturers' thinking. Even so can they vindicate themselves in general, so easily?

"The issue is obvious; we may choose between two[1] interpretations of a problem the existence of which no one denies. The manufacturers declare that old age dependency is an abnormal consequence, always individual; case work is the required technique. Say pension advocates, in contradiction, the problem arises from social causes; the wage-earner runs a normal risk of income-less old age; insurance is the technique for dealing with such widespread risks; old age pensions will remove the necessity for expending large amounts in charitable aid. Thus the controversy becomes: Are the causes of old age dependency personal or social?" In any event it is a serious problem.

Whether State Old Age pension schemes will come to the rescue of those who are forced to become unemployed at so young an age, or whether industry will bear the lion's share, is of the future.

According to one account organized labor does not plan to come to the rescue of the unemployed because of old age or for other reasons.

"Organized labor does not yet see the necessity for[2] establishing a general defense fund to give prompt assistance to those in need."

1---Diamond, Herbert M.What Do You Mean - Case Work. Survey.July 15, 1930.Page 348.

2---Stark, Louis. Labor's Unemployment Program Survey.November 15, 1930.Page 206.

In essence the speaker on this subject of gold said that undoubtedly the maldistribution of yellow metal has added to the feeling of distrust and concern which has influenced both bankers and investors to keep their funds in costly idleness. Without going into detail, Mr. Lamont, Secretary of Commerce, gave the shifting of gold holdings as a cause of world depression, in his address before The Academy of Political Science, November 14, 1930, on "Hard Times." This seems good authority to offer to substantiate this alleged cause.

The Fall In The Price of Silver

As a contributing cause of unemployment, the fall in the price of silver, and thus in the purchasing power of over one-third of the world's population as represented by India, China, Mexico and other silver-using countries, cannot be overlooked. Ecuador is the only country in all South America to be still on the gold standard with a free market for foreign exchange.(Feb. 1932.) Since then she has dropped it.
Without the purchasing power of formerly, countries find their ability to trade with the United States--the loss is reciprocal. It all limits the market for United States' goods (from our point of view), and is conducive to depression and unemployment.

Effort to Uphold Commodity Prices

A great effort to uphold commodity prices artificially (cotton, rubber, wheat, coffee, copper are examples) caused an unhealthy condition. When the prices gave way, the severity of the business collapse was accentuated. It is common knowledge that in all cases the attempts were unsatisfactory to all, and ultimately resulted in a market price uncommonly low.

"On 44 counts the United States government accused[1] [2] the Sugar Institute of conspiracy, monopoly and coercion." These lawless practices helped sugar refiners to "increase their margin of profit 30%"--by taking it out of the public's pockets, it is

1---Time Magazine.February 22, 1932.Page 19.
2---Time Magazine.February 22, 1932.Page 19.

inferred. The extra price paid for this needed commodity helped to decrease more quickly the money of the unemployed and underemployed. Whether the practice of upholding commodity prices is legal, is a concern of the United States Supreme Court. Whether the practice is morally right, the reader may decide. The upheld price helped to accentuate the unemployed person's food problem.

Crime

Crime in its consequence results in using money of the state that might make work for the unemployed.

"Approximately 15 per cent of the taxes of the largest cities (according to Professor Sutcliffe who was on committee to secure facts for Wickersham Report), in Massachusetts, go for the administration of criminal justice." This expense[1] coupled with the expense of caring for 23,000 insane, epileptic and feeble minded of the Commonwealth, constitutes very definite reasons for society's inability to carry out some unemployment schemes.

Merle Thorpe, editor of Nation's Business speaking through the medium of a news reel which appeared through the country in March said, "One-sixth of the money collected by the Government is spent by the administrators in salaries and the like. The amount and the thought is stupendous when we consider that so much money is used to run the Government. If one cause of production is the $16,000,000,000 dollars we have invested in foreign loans, think what a slice would come from that amount before it is eventually used again in industry in the United States.

One of the great costs of Government is the cost of crime. Money used for the administration of criminal justice comes from tax money, and once used for this purpose cannot be used to assist the citizen in preparing for, entering upon, and succeeding in, an honest occupation. Money spent for crime cannot be used to build public roads or building to give work.

According to Professor Rugg the cost of crime approximates[2] twenty billion a year. The waste of man power due to crime totals some six billion and the cost of law enforcement is around four billion. Then too, this does not consider the capital destroyed by criminals.

1---Kline, George M, M.D..The Care of The Mentally Ill.Bulletin, 1930.Page 6.

2---Rugg, Harold O.Problems of American Culture. 1931.Page 292.

PART II

PROPOSED REMEDIES AND RELIEF MEASURES

Unemployment - A Problem of Industry

"The solution of the unemployment problem along[1] sound economic and social lines is a task that American industry must solve. The problem is not one of giving temporary assistance in times of national emergency but also of working out an industrial labor program that will at all times portect from suffering, those members of the working population who are willing to work but unable to find employment."

Business

As this is written, twenty-four bills, all looking to the same end, are pending before sixteen state legislatures in this country.

"Of all the palliatives and remedies proposed or[2] applied, it cannot be said that any holds promise of curing disease. Government has found no way out of the economic dilemma which faces these efforts to allay the fear of unemployment."

"Unfortunately, ill-assorted and antagonistic as[3] they are, unemployment and business cannot be forcibly divorced. They are at opposite ends of the economic season. When business goes up, unemployment declines, and when unemployment rises, consumption languishes and business sinks to lower levels...It is the law of the jungle--the survival of the fittest!"

The Government Responsibility

There is only one sort of maladjustment of economic forces adequate in nature and magnitude to explain the actual phenomena (trade depression), as a normal

1---National Conference Board, Inc.World Economic Conditions.Page 126

2---Reference Shelf.Planning for Economic Stability. Volume VII #9.James G. Hodgson

3---Hobson, J.A.The Economics of Unemployment. pp.147-51.

tendency to apply to the production of capital-goods a proportion of the aggregate production power that exceeds the proportion needed, in accordance with existing acts of industry, to supply the consumptive goods which are purchased and consumed.

For these periodic movements of over-accumulation of capital over production, congestion of the machinery of industries, stoppages and unemployment, with their slow unloading of excessive stocks, there can be no real remedy except a removal of the surplus elements in large incomes[1] which brought about the disproportion between saving and spending.

The better distribution of income here envisaged, though involving a reduced proportion of saved income to spend, would not involve a less amount of saving.

The roots of irregularity and fluctuation of industry lie in the defects of distribution and of demand, not in the miscalculations of business men or the aberations of the monetary system, which are but exaggerated reflections of the real facts of industry--the whole of this linked up by a tax system whereby society secures for beneficial public services the idle elements of income which do not nourish or evoke productive effort. This mixed policy adapted to the varying conditions in the world of industry will best achieve the better and more equal distribution and utilization of incomes that are required."

The ailment is a business ailment, and the remedy, if one is to be found, must be a business remedy.

"Business stability is still a nebulous phrase. It cannot without undue stretching be made to fit the American ideal, which is based upon growth, develcpment, progress--all of them other names for change. Even in its restricted sense, the constant balance of production and consuption, it might not

1---See appendix page 101. See also footnote page 39.

be altogether desirable. Only by the arbitrary regulation and control of one or the other would it be practical at a cost which the public would probably be reluctant to pay (to realize it as a common cause)."

What Can the Federal Reserve System Do to Stabilize?

"The Federal Reserve System, like all other monetary systems, is essentially a system for financing production. Admirable as it is for the purpose of providing sound money for responsible producers of goods, it has nothing to do directly with providing consumers with enough money to buy the goods." It was set up for a specific purpose and it is accomplishing that purpose.

The President's Stand on Unemployment

"Mr. Hoover has said, 'There is to my mind no economic failure so terrible in its import as that of a country possessing a surplus of every necessity of life with numbers, willing and anxious to work, deprived of the necessities. It simply cannot be if our moral and economic system is to survive.'" That is the President's attitude toward the problem, and the acts of this head of the nation during the last few months would seem to indicate (the national credit corporation, created) that he believes in putting the wheels of industry into motion and thus to solve the problem of unemployment. He has waged verbal war on the hoarders of money, and he has sought to thaw out the frozen assets of the banks.

A Scheme for the Return of Prosperity

Anyone who has seriously considered the economic status of the United States in times of both depression and prosperity must be conscious that at times between the extreme of the two conditions that there exists a harmony of earning activity that everyone seems to enjoy. It seems that then there is a healthy condition of business that makes everyone

1---Foster and Catchings.The Road To Plenty.Page 189
2---Johnsen, Julia E.Stability of Employment.The Reference Shelf.Volume Vii.No.2.Page 10

optimistic. There is prevalent a feeling that savors not of the hysteria of spending and speculation that came in 1928. Neither is there prevalent that fear and discouragement that is being felt in this year of 1932.

The average person is content with that happy medium that comes between the two extremes. There is neither the uncertainty of depression of hard times, nor the rampant desire to get rich quick "hysteria".

Why can't that happy medium be preserved?

If business conditions are left alone we have the cycles of both prosperity and then sure enough depression. In the state of the former, people overreach themselves. They buy today and pay tomorrow. In the former state, the reverse is true; people underreach themselves in spending. Showing these cycles by plotting a curve, the two conditions harmonized are very satisfactory. The meaning is satisfactory. What can be done to be consistently economically happy? That is the question. The average person is content with steady progress. He does not wish to go soaring to the mountain tops today and sliding down into the valleys tomorrow.

Progress can come only when there is the right flow of money to consumers. Because of the fact that production has been felt to be the only problem of industry, has resulted in leaving to chance the steady flow of money to consumers. And the flow has not always been steady. The right flow of money has come at times but never for very long at a time. The reason nothing has been done in a masterful way to substitute intelligent control for chance, is because it has been assumed that nothing need be done. The fallacious assumption that production itself induces the right flow of money to consumers.

As the layman has guessed, money is at the bottom of the problem of the failure of the nation to

1---Adapted from The Road To Plenty. Foster and Catchings. (pp. 54-58 here.)

progress constantly year in and year out without the disastrous fluctuation of incomes, and consequently the outgo of money from the hands of the average person.

Right now we grant that building of public buildings, and speeding up the construction of new industrial plants would be a desirable thing. It would employ the unemployed. Would it not seem reasonable that at other times this procedure would be less appreciated? If it be true that this construction activity be desirable, is it not reasonable to assume that at other times (during prosperity) this activity of construction might be bad for business as it is good for business at the present time (1932)? Borrowing automobile phraseology it means putting the foot on the brake at times, and then putting the foot on the accelerator at other times.

The Way Out of Unemployment - Governmental Responsibility

Essentially this is the stand that Hobson (who is quoted in another section of this thesis) takes in his treatise on the cure of unemployment from the distribution end of our economic scheme of things. Money, it appears, is put into circulation at times when it should be withheld and then at other times it is put into circulation (borrowed from the banks for industrial purposes, an then eventually comes to the consumer through the pay envelope) too slowly with resulting unemployment.

The Power of the Control of Money for Productive Purposes

This discussion at once brings to the mind of the reader the question of who should control this scheme of placing the right amount of money in circulation at the most opportune times to iron out these fluctuations, and to keep the flow of money fairly constant. Certainly I would not argue

1---Chase, Stuart.The Tragedy of Waste.1925.
Pages 60, 143, 264-270.

that the government should interfere in business. The belief that the Government should keep out of business as much as possible, is universal. The Government could help a great deal, however, simply by recognizing and practicing the principle that there are times when by its own financial operation it can put money into the consumers' hands when business is falling off, and less money when inflation begins.

Our Government is the largest consumer in the world, and as such inevitably helps or hinders the flow of money to the consumer. The question is not whether the Government shall influence business, but how intelligently. At least it should try to exert its influence on the right side. This would, of course, necessitate careful and long range planning. This idea is not new. The American Federation of Labor has taken this stand and has expressed itself through the press from time to time.

An eye on the consumers' incomes will show when it is necessary to begin activity by the government to spend money to get it into the hands of the consumer. I do not mean that the government must make work necessarily, but in spending the money it should naturally at the right time when it is most needed. That is at the time the consumers' incomes are falling off. The Government expenditures will act as a stabilizing factor. Even a kitten, for example, can keep two two hundred pound men teetering at his wish on a plank teeter by exerting its weight one way or the other at the proper time.

When the consumer buys goods from his savings this deficit can be made up from the construction of new capital facilities and public works at the right rate and would give business all the stimulus that it needs. A sufficient increase in the volume of money spent by consumers stops a decline in the price-level of consumers' goods. On the other hand a rapid rise in the price-level would be stopped,

if a large enough part of the consumers' incomes, flowing into loans and taxes, did not flow back to consumers until a later period of time.

Utopian Plan but Step taken in this Direction - Reconstruction Finance Corporation

The execution of this scheme would necessitate constant increase in the volume of money in circulation. Skeptics would say that there is a limit to this procedure, and eventually it would mean abandonment of the gold standard or the present gold ratio.

The faith that will be built up after this scheme is in operation for some time will cause the country to expect the continuance of prosperity and of a fairly stable price level, and then we can safely provide for a larger volume of money by reducing the minimum gold ratio.

A synoptic view must be taken of the factors entering into the fluctuation of price levels. A falling price level is caused by lower unit costs accompanied by increasing volume of trade; real wages, production, and employment, need to be stabilized. This condition described is a sign of economic health.

No doubt the trend of retail prices in the United States will show quite well whether the consumers' buying is increasing or decreasing. Watching this condition is one of the best indexes to the situation. But there is the need of a vast organization which will be gigantic and far-reaching enough to fell the very economic heart beat of every part of the body of the nation. The Government, perhaps, is the agency to which we must turn for this assistance.

"Money rates provide a barometer for the short[1] cycle swings of business such as we have passed through in the four cycles from 1919 to 1931. When a captain at sea finds the barometer falling rapidly

1---Simonds, Alvin,T.Business is Afraid of the Truth.Nation's Business.Volume 19 #4. (U.S. Chamber of Commerce)Page 124

and far, he immediately prepares for a storm. He does not stop with the mate or other officers to find out whether it is possible for the barometer to cause a storm."

Responsibility Is Partially Individual

Mr. Simonds states that the captains of industry are loath to warn the public with unpleasant predictions, as the president of the American Telephone Company lately remarked, "No responsible financier will make unpleasant predictions public because he knows that it will earn for him the dislike of the business world."

The Government must take the responsibility then if the crisis is to be met because the above shows the attitude and the unwillingness of others who know to warn the people of what is to come. And the public must be warned.

The author of this article quotes Albert H. Wiggan, chairman of the governing board of the largest bank of the United States as saying, "Nothing is to be gained in the long run by overstressing favorable factors and overlooking the unfavorable ones."

Yes, the government is the agency to which we must look to ascertain the status of our economic condition from time to time. Only the Government will impartially give the information and control the steps that are taken to protect the nation.

"I believe that any fair-minded, intelligent student of the situation in 1929 would be obliged now to acknowledge the immense value of a statement made in the spring of that year by an authoritative source or, better, by a large number of authoritative sources that, if money rates continued to increase much beyond the point that they had then reached business depression and a crash in the stock market were inevitable. I believe that any intelligent appraiser of the situation would now agree that such a statement would now have prevented incalculable loss and the greater part of the suffering and unemployment of 1930."
1---ibid.Page 24 (See reference page 57.)

The Problem Must be Attacked From the Consumers' Angle

"Consumers never stop buying because they fear a slump in the market for producer's goods; but producers periodically stop buying because they fear a slump in the market for consumers goods.....All profits are accumulated in retail prices. Consequently, nothing but adequate retail buying can keep industry going all the way down the line. That is why the using-up of consumers' goods sufficiently stimulates the demand for producers' goods. That is why the reverse is not true. All of which follows naturally from the fact that the using-up of producers' goods is only one means toward that end...The right flow of money to consumers is all that is needed to keep business prosperous." (1)

In the final analysis it is a matter of keeping the consumers' purchasing power better adjusted to current output.

Methods for the Stabilization of Employment

"The three newest and most significant developments in the stabilization of employment, now distinctively American, are (mentioned) here. First, is the placing of emphasis on reduction of employment through better management technique within industry. Second, is the increase of interest in mechanics of controlling or modifying the business cycle. Third, is the developing of a double-edge type of unemployment insurance in order to attack the evil through both relief and prevention--incentive insurance that penalizes the careless employer at the same time that it rewards the efficient." (2)

Insurance

Of course there has been no theory for the solution of the Unemployment problem put into universal practice. Those who would propound theories must

1---Foster, William Trufant and Catchings, Waddill. The Road To Plenty.Page 170

2---Feldman, Herman.Dartmouth College.American Labor Legislation Review.16.47-56.March 1926

be willing to have them submitted to all the ravages of adverse criticism. Anyone who is qualified to talk should be listened to--especially if he talks about a great nation (alas, even world-wide) question, for which no absolutely practicable answer has been given.

One economist, who is perhaps as qualified to speak as any other authority; a member of the advisory committee, United States Unemployment Conference, 1921; he is on the staff of the National Bureau of Economic Research. He says:

"European experiments have demonstrated the feasibility of establishing and administering unemployment insurance plans for all industry. Where these systems have failed, the defects are remedial. Both the English and the German schemes have the weakness of relying too much for their administration upon agencies of the government. In both plans, also, but in the English more than in the German, the fundamental mistake was made in not strictly limiting the liability of the unemployment fund and in thus protecting its solvency. Steps are already taken in Germany to make the unemployment fund self-supporting, and in England the trend of opinion is in the same direction. It should be said, however, that as long as unemployment continues at its present level, the difficulties of placing these schemes upon a sound, normal basis will be great." (1)

"The practicability of unemployment insurance has also been confirmed by the experience of a few isolated plans of voluntary insurance in the United States. The most important of these is that plan established in 1923 in the men's clothing industry of Chicago by agreement between the manufacturers of the Amalgamated Clothing Workers of America. By the terms of this agreement, the manufacturers and the employees each contribute weekly 1½ per cent of the wages into an unemployment fund. Out of this fund benefits are distributed twice a year to all members of the union working in the Chicago industry. In 1928 the fund was increased to 4½ per (2)

1---Unemployment.Wolman, Leo.Yale Review.Winter 1931
2---ibid.preceding page (center of issue)

cent of the pay roll, by an additional contribution from the employer; and similar funds were set up in the cities of Rochester and New York. Since its inception, there has been contributed into the Chicago fund more than $6,000,000, of which more than $5,000,000 has been paid out in benefits....

"There would seem to be no sound reason why unemployment insurance, essentially so simple in its administration and so free from danger, cannot be universally adopted in American industry.

Conclusion

"The unemployment problem cannot be solved by panaceas. The goal of an ordered and controlled industry in this country lies far before us. A practical solution of unemployment, now and in the known future, should not depend upon the hasty philanthropic measures adopted in times of the crisis. Extensive planning of public works with great foresight, the general division of work, and above all, universal unemployment insurance, managed jointly by industry and employees, constitute the elements of a program tested by experience and calculated not to do violence to the institutions of a democratic government."

But then as Mr. Atwood says:

"Everyone knows how costly the British system has proved and how it has developed abuses, or anomalies. Then, too, there is a suspicion that the British system may even have helped to perpetrate the very evils it was intended to remedy.

But even insurance at its theoretical best is not expected to prevent unemployment; it, too, is only a sort of palliative or partial money recompense, while the real evil--lack of work--remains. It is true, of course, that quite a number of corporations have so planned, regularized and stabilized their operations that fluctuations in employment have been greatly reduced. Many more may learn to do

1---Atwood, Albert W.What About The Dole. Saturday Evening Post.November 7, 1931.Page 16

so in the future, but this is of no present help.

Besides, there is such a bewildering variety of enterprises, such a wide range in size and capacity, that anything like stabilization for all of them, even if theoretically conceivable, is not immediately practicable. Thousands of small concerns, and some not so small, which, in the aggregate, employ many people, fail each year, or are so weak or inefficient that they cannot be expected to deal helpfully with the unemployment problem. Nor can even the strongest and most enlightened companies always live up to their own best ideals in periods of acute distress."

RELIEF OF UNEMPLOYMENT

The Industrial Emphasis of Employment of 1931

The Merchant Association of New York and the Taylor Society both are advocates of the spreading of employment. "...All employers should distribute available work by shortening work periods rather than by employing a limited number full time."

It is to my mind just another instance wherein the group is to share the responsibility of keeping its members employed at a sacrifice of the other members of the group. There have been noble examples set by unmarried men offering to go without their chance to work their alloted time for the week to allow a married man with a family to work a more complete week.

Mobility of labor may be a necessary factor in furnishing sufficient labor to those industries that are seasonal and to the agricultural regions, but does it not break up the unity of the group of employees that have come to feel friendly and unified by long working together on the job? From the above quotation it seems that this necessary sacrifice in spreading work can only be expected of a group that has long shared each others working lives.

The matter of spreading work seen from another angle shows that: "Hours can be reduced and work spread out in some industries and occupations, and not in others. There is no national formula or panacea in reducing hours; the problem is not so simple as all that."

Shorter Working Week or Day - Not a Solution

"There are many arguments in favor of shorter[2] working time, both economical and ethical. There are industires whose long working hours have been a nation disgrace. A growing number of industrials regard as uneconomical the opening of factories for only a few hours on Saturday and have decided to

1---President's Emergency Committee for Unemployment.Emergency and Permanent Policies.Spreading Work in Industrial Employment. U.S.Government Print of Wash.1931.Page 1

2---Lormier, George Horace.Editorial.Hysterical Economics.The Saturday Evening Post.Page 20 January 30, 1932.

stick to the five-day week, if possible, even when business improves. But there is something strangely naive and oversimple in the idea that everyone can be given enough employment in periods of low activity merely by reducing days per week and hours per day to some fixed number, like five or six respectively.

"We cannot add a power-house operator, a college professor, a grocery clerk, a garage mechanic, a dairy farmer, a hotel waitress and a nose-and-throat specialist to find a sum and then divide by seven. There is no average and, therefore, no way of dividing up all jobs among all of the workers....The trained cannot be displaced by the untrained merely to make wages for the unemployed"

What Can Be Done To Protect People From Themselves-Speculation

In the section on Speculation (see page30) earlier in the thesis,I offered authority for the fact that recovery from this depression must be in a very sane manner. There must be faith. Of course, in times of a crisis there is a distinct cause - if it can be discovered - to bring about such a disaster; but right after the crisis what can be done to keep soul and body together until one can recoup the losses? It is all very well to keep the faith,but what can be done if the particular crisis has resulted in unemployment? We are supposing all the while that the individual is repentent and is trying to get back on a firm footing. There must be temporary relief.

If the permanent cure is to readjust surely one's economic standing, - if that be the cure,- it seems that there remains but the question of relief. (Of course, it is understood that it is important to educate the people that they must not "overreach" themselves (this is Mr. Lorimer's terminology) to jeopardize their future by not living within their means, by speculation and the like. Relief can be administered in a variety of ways. Herein is a brief discussion of charity, the dole, and made-work. All means of relief are debatable as to their source and as to their administration.

Loss of Faith

[Even if there isn't food for all, here is food for thought:]

"One of the serious results that come from the[2] experience through which our country has been passing for the past two years is loss of faith. Because some have put their trust in things which they have found do not always endure, they draw the hasty and unwarranted conclusion that it is useless to have faith in anything. They propose to abandon all standards, seek out the easiest course, and live merely for the present, on the theory that they may as well eat, drink, and be merry, for tomorrow they die. ..It is easy in these circumstances, for the individual to conclude that these disasters have arisen through no fault of his own, that it must be the fault of someone, and he is inclined to blame something he loosely calls society. Sometimes a feeling of injustice results in a threat of defiance against constituted authority."

Calvin Coolidge sounds like a shepherd counseling lost sheep as he pours forth his ideas on depression in this article in the American Magazine. He even closes his dissertation upon the loss of faith with a quotation from the Bible. (I referred to the article earlier in the thesis.)

Turning to another source, again we hear the words of one who would not have us lose faith. The article is accompanied by decorations which picture a large bear as "fear" and are labeled as[2] "Vague Rumors." There is a smaller bear in the picture which is labeled as "The Actual Facts of Depression." All together it says, I suppose, "The facts of depression are not nearly so bad as the rumors of depression."

"There is altogether too much of a tendency to[2] take a helpless view of the situation, by saying

1--Coolidge, Calvin.American Magazine.In Times Like These.Pages 11, 12, 13.
2--Lorimer, George H.What Everyone Knows.Saturday Evening Post.Page 22.January 1932.Page 19.

that it is too complicated to understand or control."

And forthwith the author goes on to rationalize that the people "overreached" themselves in the more prosperous days, and now it is but a question of withstanding the "underreach" until the pendulum swings back to normalcy.

The problem of unemployment has two phases; the relief, and the cure. It goes without saying that with the dire need of the country at the present time, relief measures must be considered, agreed upon, and executed.

For the present I will discuss the evident difficulties in considering the former phase of unemployment, i.e. relief. I shall treat it in the light of a real personal problem - not theoretical.

Since the lack of work is the cause of unemployment, as anyone will say without thinking, the first obstacle which confronts one is how to secure work for the unemployed. Then if work cannot be found, in what ways is it possible for the would-be wage-earner to secure money without work? In the final analysis, the only ways are as follows: First, by a loan; secondly, by charity; and thirdly, by the dole.

Money Without Work - Borrowing Money

According to the definitions that have been discussed at the beginning of the thesis, an unemployed person is one who wishes to work, who is dependent upon work, and who cannot find work that is reasonably suited to his capacity. This means, of course, that a person with a surplus saved for a rainy day is just as really unemployed as the person who lives from hand to mouth. The person who has the surplus, however, with extended unemployment is soon reduced to poverty. His resources soon become depleted, if he is the average wage-earner, because he has invested, or in some way used this extra money that previously was more than

enought for his needs. If the investment were in a home, the loan value on real estate is so low in times of depression, that his equity would not entitle him to very much of a loan. He is in the sellers' market among thousands of others who have sought this way out in the time of emergency.

In the same way, the resale of the "betterments" of life,--as a radio, of books, of the automobile, have little market value. These second articles afford him little net collateral value, upon which to secure a loan.

Mere discussion of these troubles that a person has in an emergency show that eventually the costs of food, clothing, and shelter soon reduce even the man who has saved to dire poverty.

Charity

Without work, and after the borrowing power has been used, the typical unemployed person has to accept charity.

"At its worst, charity is bound to destroy the self-respect of the recipients. What those who desire but cannot secure work obviously need, according to this school of thought, is insurance, or reserves, against unemployment, so that they will at least have a partial assurance or stability of income, whatever happens. This is asserted to be in the interests of morale and a more self-respecting and American way of meeting the problem of the unemployed than that of throwing them on charity."

Pride interferes with the person who may be driven to this "second stage" which has to be submerged, other things being equal, unless the unemployed person will lie down and die. Even so, a person will not allow the dear ones who are dependent upon him to suffer this fate. Yes, sooner or later charity must be accepted if there is no work.
Atwood, Albert W.What About the Dole? Saturday Evening Post.November 7,1931.Page 16.

The Dole as a Way to Secure Money without Work

This means of securing money without work causes the pride to suffer less than to be the recipient of charity. Dole money is received by the thinking man as a payment of an obligation that society owes him because of its inadequacy to supply work.

A thesis could be written upon the dole alone. Its ramifications are too many to go into extensively here. It will perhaps suffice for the purposes of this work to give some of the major criticisms of it.

Clothing and Food Gifts - A Dole?

"Indeed, the ability of states and cities, of towns and villages, of industries, and of volunteer agencies and organizations of every description to meet the problem in the only way that anybody knows how to meet it is a very real test of the vitality of American institutions and character. Rather than orate about what should or should not be done, let us see what has been done. But first it must be plain that we can get at the facts only by clearing the ground of a deal of overstatement and irrelevant matter.

"To begin with, a great amount of unemployment and distress which always exists, even in the most prosperous times and without attracting much notice, is now big news, and is, therefore, counted in as part of the emergency as a matter of course. This is not said to gloss over misfortune or suffering, but merely to get at the essentials of a situation. For one thing, many authorities consider that some form of physical incapacity is the "principal and most constant cause of poverty everywhere and at all times." Whether this be so or not, it is obvious that the death of a breadwinner, accident, sickness, feeble-mindedness and old age have always been closely associated not only with poverty but with unemployment.

The Family's Welfare Is Important

"But of course physical incapacity did not come (1)
into the world for the first time this fall, nor
will it end when the present emergency is eased.
Long before this period of slack employment oc-
curred, one of the most important social activi-
ties in almost every community was family-welfare
work, built largely around matters of health,
widowhood, dependent childhood, and the like, and
it will continue to be so as far into the future
as any human being can see."

The Dole, and the Governmental Attitude toward the Dole

The dole issue was raised by the insurgent bloc
in Congress, and all but a few were not in favor
of the federal government's assuming direct responsi-
bility for the relief of the unemployed. The ad-
ministration is opposed to the dole and according
to Mr. Hoover the "municipalities, counties, and (2)
states should use their own resources and credit
before seeking such assistance from the Federal
Treasury."

The Welfare Organization and the Attitude of the Man-on-the-Street

Welfare organizations give relief to the deserving
and the undeserving as the good Lord allows the
rain to fall on the just and the unjust. It is
difficult for the welfare organizations to dis-
criminate as they are organized to give relief to
the needy. They have learned from long experience
that the poor but proud individuals will not ac-
cept assistance unless it can be given quietly
without prying into their lives that all the while
they have the right to hold as personal.

Then too, the welfare organizations have taken the
position that no matter what the cause of the
necessity for relief, there is no reason why the
innocent woman and child should suffer.

1---ibid
2---World's Work for December, 1931;Congress
Meets Again.Page 32

The man on the street who pays the taxes - and the more the relief the higher the taxes - realizes that the more he gives through taxes or through voluntary relief, the less it means for his own wife and his own children.

The labyrinth of it all leads but from one ramification to another of the problem, and the opinions as for the cure and the relief of the situation are very divergent. . But after all a man, woman, or child cannot be left to starve, no matter what brought about the resultant condition of starvation.

The point left to quibble about, however, is I suppose, who should supply the food.

No matter whether the cause be lack of birth control, mismanagement, or laziness, the condition exists. We are sure of that, Government statistics prove it.

Conclusion

Depressions are likely to happen again. Society can do something to help the persons who suffer most, but in the past it has attempted this after the curse of unemployment struck. So inadequate has been the attempt to alleviate the unemployment situation and its consequent and subsequent suffering that the most sane plan is "to lock the barn before the horse is stolen."

These old proverbs as "an ounce of prevention is worth a pound of cure" seem trite-but how true.

Society can never quite make up to the victims the damage that has been done to their souls--not men's alone, but women's and children's souls--by doing nothing before the crisis.

The causes that produce the condition are manifold; the remedies must be a combination of executed plans to counteract the many-symptom-economic-disease of our competitive system. It has been demonstrated that no one force or power, governmental or industrial, can cope with a problem for

1---See appendix page 103.

which it alone is only partially responsible.

People must be taught, enveigled, and forced as much as possible to protect themselves. As to the means of securing individual and collective cooperation to stamp out the evils of unemployment, various reasonable ways are advocated. Undoubtedly, all advocated plans have their merits. Unemployment Insurance, which in effect will secure contributions from Government, industry and the individual, seems feasible. Government planned expenditures at strategically needed points in the process is obviously another great step in the right direction.

PART III

SOCIAL SIGNIFICANCE

The Social and the Individual Significance

The unemployment question from an economic point of view merits extensive consideration, but the question from the social and the individual point of view is perhaps even more important. Idleness demoralizes. Work drives away those "Hell-dogs that beleaguer the soul." It is useless to argue that work is unimportant, and when work is necessary to obtain money to buy food to keep alive, work seems all important. The man who works and receives wages can lay aside a portion to establish himself in a home and can establish himself in his own self respect. He can see that he is making progress, and life is indeed intolerable if the individual cannot day by day see himself progress in his own eyes and in the eyes of his neighbors and friends. There is a certain rivalry in the accumulation of things that people live by. This must sometimes include the necessary things of life and some of the luxuries,--if the people about the person think that certain material possessions are necessary. This matter of "keeping up with the Joneses" makes people struggle for life, endeavoring to do just this, to live as well as other people live.

Incidence Rests Upon Children - From The Family Angle

When unemployment comes, however, this standard of living that has been set up as necessary, has to change and that change is downward, of course. This change of living may not be so difficult to the man or his wife, but when it means that the children at school have to wear clothing that is inferior clothing, the problem becomes serious. Children in the schools are very critical of what their friends and playmates are wearing. The fact that a change in the kind of clothing is noticed at school and will invoke criticism shows that keeping up the standard of the group is even taught to children, consciously, or unconsciously. Children learn to desire certain

things because others have them. The desire is never out-grown. What a task it is to explain to the children that some of the things that they have had, they will now have to do without.

The schools teach that all things will come to him who tries. To explain that there is no work, and that father cannot find work no matter how hard he tries, is to teach fatalism. The "teacher" begins to believe in fatalism; is it not true that this state of unemployment is nothing but fatalism?

An explanation of: "An important economic aspect[1] of regularization is the reduction of unemployment. From the social point of view this is the paramount objective. To a large extent the business and the social motives for reducing unemployment are parallel. .. If the social attitude respecting the reduction of unemployment is to predominate...regularization is likely to be greatly accelerated. Unemployment is coming to be more and more thought of as a preventable evil. Far sighted business leaders recognizing the growth of this point of view will make a determined and unceasing effort to achieve an even greater degree of regularization. They will do this both to satisfy the motive profit and to keep abreast of the growing conscience of society respecting unemployment."

The Significance of Unemployment to the Family

"...Whether unemployment is controllable or uncontrollable[2] its ultimate burden falls upon men, (women and children) least able to bear it and frequently upon those in no way responsible for its incidence." (See Appendix for Children Affected)

The Unemployed Man Thinks

The person who believes that there is work just around the corner for him soon finds in this era of unemployment that that is a false belief. Idleness falls upon him. The effort to search for work is futile so he ceases to exert himself uselessly. The mind, in the meantime, continues to be

1---Smith, Edwin S. Reducing Seasonal Unemployment. P.282
2---Calkins, Clinch. Some Folks Want Work. Page 161

active, but not normally active. There is a readjustment in the thinking that he now reasons something like this: "Work is necessary to earn money; there is no work. Is there anyway that I can get money without work? Perhaps I can borrow some. No, I shall wait until the last minute... I have waited some time for work; my savings are gone. I shall borrow some money until I get money. No, they say I have no collateral to offer. I am not a good risk. Yes..no work, no money. But crooks have money. But I can't be a crook. I guess I'll wait a while and see what turns up."

Months pass, and things go from bad to worse. He does not like to meet any of the old friends any more.

"They think if I try hard enough I shall find work. No, I shall see what some of the other men say that are out of work. Hmmm, they say what one needs is a "racket." They say that all business is a racket. The business man has a pull and gets away with it, that is all. I guess until I find something to do I'll join some of the boys in some of the beer-times they have. It will help me to forget, anyway."

No Way Out

"I didn't realize that all of life was such a racket before. The boys at the little spree said last night if the politicians weren't so crooked, and so busy feathering their own nests, that they would get jobs for some of us unemployed. I always thought if a fellow did his best at his work that things would come out all right in the end. But they said a person is a fool to work when there are so many who earn a living without any work at all. They said that I could see what happened to me by working away helping to make someone else rich without looking out for myself. I guess what I need is a racket too."

"Gosh, I wish I knew where to get some money to buy some bread to take home to the wife and the kiddies. Let me see, all I have left after that snow shoveling job is six cents. I hate to go home, and face the family; I thought I surely would find something to do today. I wish I had just two per cent of the money that lady had that I shoveled the snow for today. She seemed to look at me so patronizingly today; I would have resented that patronizing "you-poor-beggar" look two months ago."

You can picture the following months of the man's life as he tries to keep up the courage of the family. You can see him the proud happy working man of a year ago as he now has to accept charity. What a blow to his pride. Sometimes he doesn't seem to care any more.

The Total Effect on the Nation of Unemployed Families

"An idle nation like an idle man inevitably drifts" toward degradation." There is a great tendency toward various forms of dissipation on the part of those who have been thrown out of work: it has an extra appeal to those who have so much idleness on their hands."

"The problem is intricate. Figures are uncertain.[2] But the effects of unemployment are inescapable. To underline them seems unnecessary - physical suffering, broken spirits, defeated plans, abandoned enterprises, thwarted childhood, and a future left bleak and empty. Where can we take hold to meet the need which these family records make so clear?"

The Human Side of Unemployment

The physical vitality of a workless worker because of insufficient or improper foods is weakened. With a reduction of industrial initiative, accompanied by a lessening of self-respect, he suffers.

The comfortable living which the family formerly

1---Gary, E.H.Article.Harper's 1931.Pages 70-2
2---Calkins, Clinch.Some Folk Won't Work.Pages 158-161(See his book for cases.)

enjoyed is replaced by a struggle for bare existence, which eventually means assistance from friends or relief organizations--or both.

But, "All Men Are Created Equal"

President Hoover in his speech in eulogy of Washington spoke (over the radio, nation-wide hook-up, February 22) reiterated what he had said in his book "American Individualism" "America is the land of equal individual opportunity."

Yet we all know that that "equal opportunity" statement is but the assertion of a Utopian thought. Life has taught us that only a few are privileged to really live that encouraging challenge that America, or any other country, offers an equal opportunity to all. The very fact that Massachusetts is bearing the burden of some 23,000 feeble-minded, insane, and epileptic, bears mute testimony to the fact, that thousands do not have any opportunity at all.

The Helplessness of Man Who Has Nothing to Offer Except Labor

In a study of economics, we learn that economic activity is for the purpose of satisfying human wants. The history of the struggle of man to satisfy these human wants pictures man going forth to get what he wanted. At first it was relatively simple; he had but to go forth and take what Nature had provided for him. As other men came to contest another's right to take what was so graciously supplied by Nature, there was a contest which was largely in the favor of the man who got there first. More or less peace-loving individuals left unmolested the individual's possession which came gradually to be held secure, from the first by the very priority of his presence in the neighborhood of those things that supplied human wants. (2)

Squatter's privileges and rights were recognized in the contest by individuals and by nations that settled America. But in this later period in the

1---Kline, George M. The Mentally Ill. Page 6, 1930.
2---See appendix, page 101.

history of civilization almost all property seems to have been discovered, claimed, and possessed, and held by various rights that now seem to be largely legal.

Because man wished to develop and conserve what he possessed, he tolerated the presence of other individuals on his property if they would assist him in his efforts to entrench himself in his own possessions. The history of the feudal system well illustrates this stage in the evolution of the economic rights of man. As I say, this all is history that anyone can trace if he wishes to turn to the annuals of the evolution of economic and social progress of man.

But today, what new lands can man go to in search of bounties of Nature that already are not possessed? Man is left to the mercy of those who possess prosperity. Unless those who have property wish to do something with it, or to it, the ones who are willing to supply the labor are helpless. No longer can man go forth and take what he sees that is good to supply his human wants--it has already been taken. Where can an unemployed man go, if he has not land, capital (goods used to produce more goods) or money? * Nowhere! The unemployed man is helpless, so helpless. He is entirely at the mercy of those who have already "possessed the land!"

A baby crying for food with no loving hands to feed it incites the most life-hardened soul to action. Yet with millions crying in silence for help in this period of national (and international) unemployment, help is very very slow in coming--although some of the unemployed are as helpless as a new-born baby. Perhaps the unemployed are more helpless than babies are; the latter can get food and pity; millions of the unemployed cannot even get a job.

If it didn't require a job to earn money to secure food, clothing and shelter, a job wouldn't matter so much. By working at a job a person is able to

*Alternatives: An unemployed man without money, land, or capital cannot go to Uncle Sam's "Attic," to Bolivia, or to the dry uncultivated Rocky Mountain area. By the way, what bounties of Nature are to be possessed in the Rockies?

See page 3.("Nowhere" restricted to U. S.)

Hunger-------"FOR A BITE TO EAT"- A Picture

feed, clothe,and shelter himself and his family. With no job, money for these fundamentals of life has to come from loans or from gifts. Since a very few of the people of the United States do not have to work for a living, it means the remainder--the great majority have to work to exist. After all, the matter of living narrows down to this--working at a job for existence. A person cannot live on loans and gifts, he needs a job.

Family Point of View Not Meant to be Pessimistic-Yet

The outlook on the matter is not meant to be pessimistic. Yet a block away in a neighborhood there exist these two divergent home conditons: In one, the home of money, the dog food costs more than the food costs that two mal-nourished children consume in the poor home. In the poor home the father is out of work, and to this home the sacrifice of one party at the richer home would give sufficient food for the unemployed man's family for a week.

The people who have, must shut up their eyes to conditions as they exist in their own neighborhood. It brings up the world old problem of sharing with those who have not, by those who have. When the situation of unemployment does not call for gifts of money but just for the man who has money to put it to work to make work for the unemployed, it does not seem too much to ask of those who have capital.

If all people, who are able to help out the situation of unemployment by giving jobs or by putting their money to work to give work, would realize that it was a duty and a privilege to help, the problem would be more than half solved. This is an ideal opportunity to discuss the hoarding of money; it is entirely apropos. But this practice that keeps money from the channels of trade is discussed in another place.

After all, perhaps if the people were enlightened to see the conditons as they actually exist, assistance one way and another would come pouring in.

THE SOCIAL SIGNIFICANCE AS THE NATION SHOULD SEE IT

A United States citizen suffering at the hands of another nation is cause enough for calling out armed forces to rescue the unfortunate citizen. Yet within the boundaries of the nation itself there are thousands of citizens who are really suffering hardships at the hand of the enemy of the home and the fireside--unemployment. (1)

In times of war we mobilize forces of armed men and equipment with the stirring of drums, and with the thought of patrictism in our hearts--we sacrifice all for the honor of the country. The United States has never lost a war, she has always come off victorious. She has avenged the wrong and fought for the right. We have never dodged the issue when the safety of the country was at stake.

The blowing up of the battlesnip Maine was the last straw that plunged the nation into war with Spain. We were even willing to go to war to protect a people of another country, the Cubans, from the cruelty of Spain. It is but to relate a matter of history to state that we went to war with Mexico because we would allow her to impair contracts of United States citizens, or molest the lives of citizens of the United States. Then, too, we wanted more land. (2)

Into the World War the United States went to war again. We were determined that the principle of right should prevail. Might could not make right. We fought; we triumphed.

This dissertation on the United States and the principles and reasons for which she has gone to war, are related to but show the attitude of this nation in the past and at the present time. This nation in which we live has fought wars and prepared for the future wars to the extent that it has cost the Government ninety per cent of all her federal taxes to pay for her past, present, and future wars. It has cost the United States seventy per cent of all the money she has collected from her citizens in taxes to pay for the wars. In spite of the gigantic cost the United States has always protected its citizens from foreign enemies. (3)

1---See note - appendix page 103.
2---Schlesenger, A.M..Political and Social History of the United States.Page 104.
3---(Previously given reference.Page 26) See page 99.

Does an enemy have to be foreign before the United States will protect its citizens? Spain and Mexico together never caused the suffering to the citizens of the United States that this condition of unemployment has caused its citizens. We went to war at one time to save the Union. It is time to go to war on unemployment to save the nation. And the eradication of this enemy will not even take half of the tax money that has been spent on other wars which we fought against--enemies that carried another nation's flag!

Rationalization of the Group Not Affected: The Employed-Attitude

There is a great hue and cry that if people had only saved in the era of prosperity that they would not be suffering now in this period of adversity. Yet anyone knows that it is of no use to lock the stable after the horse has been stolen. That is exactly what we expect the persons caught in this unemployment situation to do,or something just as nonsensical, to look back and see just how foolish they were not to save for this economic crisis. This rationalization does not invalidate the fact that there must be adequate relief for the present condition.

This expectation to have the poor unemployed see the folly of their ways, may be of aid in preparing for the next emergency, but it will hardly help in the present one. Incidentally, it is in keeping with the application of psychology to teach them to prepare for the next unemployment period by insuring in the present for the future adversity. (That process does not necessarily mean that the people must adopt an Unemployment Insurance scheme of some sort.) It is a pertinent time to teach the necessity of saving, however. (partially, at least) because they have not laid by, as the ants do, for the time when the need is greater. The lesson can be best learned when the consequence is being endured.

If We Had Saved!

After all, the logic of the reasoning of the person with the job and the position is fallacious if he

does not take into consideration the fact that a great many of the unemployed are unemployed through no conscious fault of their own. Sickness, destruction or failure of the business in which they were employed, and the ultimate results of which, may have wiped out even that substantial saving of ten per cent that even the great economist Professor Carver of Harvard has advocated. In a Survey article it states, 'If everyone saved at least 10 per cent of his earnings a period of unemployment would have no terror; we would go on living in our usual manner until things picked up again!'

Who Is At Fault?

Perhaps the disciple of the ten-per-cent-saving-plan, for example, invested his savings for years in a business by the way of buying stocks, and that business has failed and has by the legal right of the United States Government gone through bankruptcy. The person's savings are wiped out. The person becomes unemployed. In spite of the person's tariftiness, he has nothing to fall back on in his state of unemployment despite of his good faith and his following the advice of the best economist of the world to save to protect himself.

Is The Government Responsible For Its Tolerance

Attacking the problem in the light of the fact that the Government tolerated a legal system wherein or whereby a person acting in good faith may be deprived even of the principal of his investment in the case of a business failure, it does seem that the Government is concerned. As to whether the Government is liable to any great extent is probably more a moral problem than a legal problem. Reformers of our economic system interested in this unemployment problem do hold the government responsible in that the Government must do something to enable the victims to reinstate themselves economically.

What the Government should do to assist the person who has acted in good faith but who has lost his savings because of the vicissitudes of industry

under our economic system, is problematical.

Some say doles must be supplied by the government to enable the unemployed to keep his body and soul together until he can find work. Others contend that work should be supplied by the Government even though it be made-work.

The Scope of this thesis Necessarily Limited

In the beginning I defined unemployment and in substance said that a person was unemployed when he was willing and ready to work, who habitually depended upon work, and could find no work that was reasonably in his line. This definition is in essence in agreement with the accepted definition of the term "unemployed."

With this definition in mind I have tried to discuss the problem, keeping in mind this group that because of the condition of industry are out of work. I have in mind, of course, this unfortunate group of deserving persons. I have not acquiesced to hold the conception in mind that the term "unemployed" meant the bum, the loafer, or the riff-raff. Neither do I concede the term to mean the group that have been habitually unemployed because of confinement in feeble-minded institutions, because of great physical defects, or, because they have not, or wish not to work.

The man on the street, however, will often cite the case of the bum whom he has known for years who will not work. To the man on the street, I fear, the term "unemployed" means a person because of some lack of intellect, or because of lack of ambition, is by virtue of his own choice or carelessness, unemployed.

Employment the Concern of All

Selfish persons may feel that unemployment is nothing to them, but they are sadly mistaken. Employment is the beginning of the perpetual circle that makes prosperity: Employment will give buying

1---Survey.Page 442 of the 1931 series.Some People Won't Save.Diamond, H.M.

power; buying power will give consumption; consumption will bring forth production; and production in turn gives employment.

Sows Seeds of Discontent - Undermines Citizenship

"Other disastrous effects follow in the wake of [1] unemployment. Unemployment fans the flame of radicalism. It fills the mouth of the agitator and demagog with effective arguments. It sows the seeds of discontent. It undermines citizenship."

Losses Because of Idleness - to National Producers

"After several months, the manufacturer decides [2] to resume operations; but he finds that his old, well-trained force is sadly depleted and demoralized. One manufacturer told me that he laid off a force of expert machinists for a month, and that when he resumed work he discovered he had a crowd of professional checker players. It was several months before his men were able to correct their habits of idleness and deliver the customary volume of production."

"We cannot have these periods of unemployment and [3] maintain peace and tranquility in this country. If we are to maintain the present social order that squares with advancing civilization, the managers of industry must help; if they are to live and be protected they must help us find a cure for unemployment.

"It is a reflection on our civilization that we have 6,000,000 in this country seeking and willing to work and yet have no work to do. It is indefensible, morally wrong, socially disgraceful."

1---Literary Digest.70:9-10.September 10, 1921
2---Johnsen, Julia E.Reference Shelf.Stability of Employment.Page 140
3---Green, William.New York Times.October 16, 1930 Page 16

Government Not To Accept Responsibility

In business practices a sum of money is laid aside for the depreciation of machinery. This in accounting terms is, "Reserve for Depreciation." As the machine ceases to be useful and there appears the ultimate need for a new one, the cost of the new and cost of junking the old (along with the depreciation) is charged against the profits of the year.

When a man is "junked," however, there is no amount charged (unless dismissal wage) against the profits of the business. The "fruits" or earnings of the man machine are "ploughed back" into the business--or paid as dividends to the capitalist. The "junked machine" (the old worker) is paid for not by the business, but eventually by society at large.

Society pays for the depreciated, deteriorated human machine.

Then when the human machines--to carry illustration further--are idle, industry does not "carry" the proportionate cost of the fixed charge as it does when a machine is idle.

In Effect, Deprived of Constitutional Rights

The distress that is incident to unemployment is of social significance in the sense that insecurity and uncertainty that comes to the unemployed, and their families, strikes at the very foundation of society. The devastating fear that comes to the one whose livelihood is in jeopardy arises from doubt of the security and the rights that are guaranteed by the Constitution itself.

The Constitution guarantees three great rights and liberties to every American citizen: personal security; personal liberty; and the right to hold property. After fore-closures, and bank failures, and the loss of the position or the job, it is very hard to believe that there is any guarantee of personal security and the right to hold property in a country that avowedly does not tolerate impairment of contracts.

In effect, with the simultaneous failure of the bank in which the person had his savings, and the loss of his position, there is left little security for the personal wants, and left but little right to the savings that were his property.

The Vision Is Clouded

In the unemployment crisis, the irrational muttering of the suffering unemployed bear little weight. There is not the moral or physical strength to protest to any great extent. The employed, on the other hand, must be more concerned with their own job to be troubled too much with the lot of the other person. The privileged few who are away from the fear of the marginal group, that have to be concerned with the taree great physical elements of life (food, clothing, and shelter) are so far removed from the problem they cannot visualize it all as a matter of life and death.

That is, the group that is the victim of the situation is not especially fitted to make known its predicament; most are too proud for that. There is the group that is trying to hold the job and keep employed; it can hardly plead another's case. Its own position is so uncertain. The last group is the group that does not have to give any serious attention to earning a living. It is entirely out of touch with the problem; it has never been their problem.

What group then can champion the cause of the some eight million that are unemployed? Congressmen are too busy, no doubt, in their attempt to make secure their political position for the coming election. The congressmen may be sincere in their desire to help, but they are often too busy being politicians.

Leaders Must Rise To the Occasion

Unemployment is one of the ugly thorns in the side of the nation. The nation has unemployment on its conscience, and as certainly as our forefathers felt

the need of freeing the country from English rule, as the later patriots felt the need of freeing the slaves, so this generation is confronted with alleviating unemployment. The condition of unemployment gnaws at the very heart of the nation.

Depression and the Citizens' Minds

But after all; "The important thing in this depression is not the temporary losses to business or the hardships to labor which it brings in its train; it is the consequences of these things upon men's minds. It is one thing for men to lose their jobs; another for them to lose their faith."

Crucial Turning Point In Our Civilization

In that light, this depression is more than a passing circumstance in our history; it is a crucial turning point in industrial civilization, not only for the United States, but for the world. Because of the circumstances in which it takes place - far more universal in their scope and far different in their character from any in the depression of our past - it presents the first and perhaps the final challenge to the economic and the political systems under which the western world has lived for more than a century and a half. It is not too much to say the philosophy of individual and organized private initiative upon which our business system is founded and operated under the leadership of business men, and economists, and engineers who have replaced the kings and the statesmen of the past, is definitely on trial today, more decisively than it has every been before. And because of the dominant position of the United States in the world economic affairs and the leadership it has assumed in world progress, this philosophy is meeting its crucial test here for all the world."

It is up to the United States to prove that we can solve the problem to show that outright communism is not the solution.

1---Business Week.Page 40.October 29, 1930.

A Warning

"International expert opinion is becoming[1] stronger and stronger in its conviction that the world is on the threshold of far-reaching changes in industrial and social organization; changes, indeed, that may eventually represent a world revolution as important as any which has yet taken place."

"It may as well be remembered that society is[2] going to provide an opportunity for man to sustain himself, or it is going to have to sustain man. Society is going to provide opportunity for man to pay his own way or is going to pay it for him."

Present Breakdown

"Now loafing may be justifiable. It is then leisure, or time to think, or a contribution to the joy of living. But loafing enforced upon able-bodied men becomes unemployment. At this stage it is the greatest of human wastes. It threatens economic prosperity, individual and national security; causes intense human suffering, and if it cannot be cured, constitutes a major breakdown of capitalistic society."

1---Statis 118:166-7.August 1, 1931.Volume CXVII. London 1931-by Statist Office.
2---United States.Senate.Committee on Education and Labor.Hearing on S.Res. 219 Page 7.1929.

CONSTRUCTIVE VALUE OF THIS THESIS

This thesis furnishes as a feature a classified list of many of the known causes of unemployment. In this respect it differs from any book or thesis that has come to my attention. This material is brought up to date by the inclusion of pertinent discussion of some present day writers.

The evaluation of the causes logically demonstrates the fact that the present depression, with its subsequent unemployment, is not caused, directly or indirectly, by any one of the three great agencies. No one of the three great agencies - industry, individual, or Government - is responsible for unemployment, alone. To the contrary, the thesis shows that the Government, industry and the individual are jointly and severally responsible for unemployment. I hope the listing of the causes with the discussion will show the proportionate responsibility of all three.

This localization of responsibility should be constructive in showing what the Government, industry and the individual have done, or failed to do, to bring about unemployment.

Public opinion, I believe, needs enlightment as to the various causes of the great social evil, - unemployment. Public opinion is a powerful force which will compel Government, industry and the citizen, to do what is best for the common good. Toleration of an unemployment condition is largely a result of unenlightment as to its causes.

I hope this thesis will be of value in that it will set the readers to work out a more elaborate classification of the responsibilities (the causes) of unemployment.

Remedies and relief are discussed in light of their social significance. I have not advocated any particular relief or cure except that social and family morale must be protected in giving either relief or in effecting a cure.

The section that I have devoted to a consideration of the Social Significance, I offer to motivate persons to consider the problem of unemployment. I believe when people are convinced, and then persuaded to act, that the unemployment problem will be satisfactorily solved. With that belief in mind, I humbly donate this thesis to our common cause.

CONCLUSION

Why should there be millions out of work? Is it because the country is poor? Are there insufficient natural resources to keep industry going? Does it lack capital to finance industry and machines to produce?

To all these questions the answer is, No!

The United States is the wealthiest country in the world! It has an estimated national wealth of $329,700,000,000. (See Appendix page 102)

Then why do we have so much unemployment and distress?

There is no national coordinated plan. Joint Adequate Control of factors which produce Unemployment Conditions-is needed. I dogmatically express these views here. And I have not reasoned fallaciously - "post hoc propter hoc" - when I say with cooperation of individual, industry and Government, these hectic scenes and pictures could become beautiful!

THE END

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APPENDIX

"Labor's Share"

Census Bureau's Statistics Again Show How Workers' Buying Power Is Limited

During the Ten Years From 1919 to 1929 Bosses of Manufacturing Industries Added $7.70 to "Value" of Goods For Every Additional Dollar Put in Labor's Pay Envelope

Once more the official figures of the United States Census Bureau refute the charge that American workers are profiteering, and that their "high wages" are responsible for the excessive prices of various commodities.

The Census Bureau has given out the results of its census of all manufacturing industries for 1929 with comparative tables for 1927 and 1919. Here are a few of the Bureau's findings:

During the 10 years from 1919 to 1929 the number of workers engaged in manufacturing in this country decreased by 449,775.

Wages paid in 1929 showed an increase of $809,229,749 over 1919.

The increase in the total value "added by manufacture" was $6,286,762,484.

Put in another way, the employer was able to add $7.70 to the value of his goods for every dollar he gave to his employes in the form of increased wages.

Another interesting fact is that the increase in the cost of raw materials in 1929 amounted to only $124,928,718 above the figures for 1919.

Leaves Interpretation of Figures to Others

Thus the "value added by manufacture" increased $5,352,604,017, more than the increases in raw materials and wages combined!

The Bureau does not attempt to "interpret" these figures. It leaves that to others.

From a labor point of view, the great outstanding fact is that in one year—1929—the men and women who worked in the manufacturing establishments of this country added to the value of the things they handled $6,286,762,484, and that their share was $809,229,749.

As LABOR has pointed out, this process has been going on for an indefinite period, but certainly for all the time covered by the work of the Census Bureau.

For example: In 1914, at the beginning of the World War, the average wage in American manufacturing establishments was $589, the "value added by manufacture" per worker was $1,407.

Workers Got $573 for Creating $1,349

Five years later, in 1919, owing largely to the World War, wages had gone up to $1,162, but "value added by manufacture" had increased to $2,756. In other words, the workers had received $573 more for creating $1,349 of additional value.

Eight years later, in 1927, the average wage was $1,299, and "value added by manufacture" had gon up to $3,303. The worker was receiving $137 more wages than in 1919, but his production had increased $547 in value.

Finally, in 1929, the average wage was $1,318, and "value added by manufacture" was $3,636. Here we find that the workers' wages had increased $19 in two years and the value of his output had gone up $333.

In these figures is to be found the secret of the recurring depressions which dislocate American business and impoverish millions of workers. The difficulty is as plain as a pikestaff—**the value of the things the worker creates is increasing out of proportion to his buying power.**

APPENDIX

"War"

"Everybody, of course, understands that France and Russia constitute the principal problem in the matter of reducing land forces. France is to-day credited with an Army of 607,533, Russia one of 562,000, and Italy one of 364,570. The British Empire's first line is placed at 344,450, and the total effective land force of the United States is given as 139,957. Germany's first-line land force is held down by the Versailles Treaty to 100,000.

"In addition to the fears and threats arising from excessive armament, there is, as President Hoover has emphasized, the 'burden upon the economic recuperation of the world.' The people may well ponder the better use that could be made of some of the billions now going into an armament it is hoped may never be used."

JUNE 27 '31 The Spirit of '31 LITERARY DIGEST

—Fitzpatrick in the St. Louis "Post-Dispatch."

"Uncle Sam calls for a showdown." Incorporated in an article on Secretary of State, Stimson's report in giving "full particulars regarding the armaments of the United States, land, sea and air.
The statement by St. Louis "Post Dispatch." "70 cents of every tax dollar goes for war."

2---New Republic 1929 as reported by Professor Sutcliffe's lecture. Public Control of Business. 1931. See page 80.

APPENDIX

Text of President Hoover's Appeal

1932 Bos. Herald

WASHINGTON, Feb. 3 (AP)—The text of President Hoover's appeal to the country, in which he urged all citizens to stop hoarding money, follows:

The Reconstruction Finance Corporation under the leadership of Gen. Dawes, Chairman Meyer and its directors, is now initiating a definite campaign for reconstruction and recovery.

I am gratified that the very act of creating the corporation has already shown results in the dissipation of fear and the restoration of public confidence, as indicated by the fact that recently we have had on balance no increase in the hoarding of currency in the country.

There is now a patriotic opportunity for our citizens unitedly to join in this campaign against depression. Given such patriotic co-operation we can secure a definite upward movement and increase in employment.

That service is to secure the return of hoarded money back into the channels of industry. During the past year and with an accelerated rate during the last few months a total of over a billion three hundred millions of money has been hoarded. That sum is still outstanding.

I am convinced that citizens hoarding currency or money do not realize its serious effect on our country. It diminishes the credit facilities by many billions. Every dollar hoarded means a destruction of from $5 to $10 of credit. Credit is the blood-stream of our economic life.

Restriction or destruction of credit cripples the revival and expansion of agriculture, industry, commerce and employment. Every dollar returned from hoarding to circulation means putting men to work. It means help to agriculture and to business.

Every one hoarding currency injures not only his own prospects and those of his family, but is acting contrary to the common good. It is to their own interest that they should return it to circulation as well as a patriotic service to the country as a whole.

A prime need today is the extension and liberalization of credit facilities to farmers and small business men. The credit institutions are greatly crippled in furnishing these needed credits, unless the hoarded money is returned.

Therefore, I urge all those persons to put their dollars to work —either by conservative investment, or by deposit in sound institutions in order that it may thus return into the channels of economic life.

During the great war our people gave their undivided energies to the national purpose. Today we are engaged in a war against depression. If our people will give now the same service and the same confidence to our government and our institutions, the same unity and solidarity of courageous action which they gave during the great war, we can overcome this situation.

I therefore request our citizens to enlist with us in the fight—

(Continued on Page Eight)

— HARDING —

APPENDIX

I

"Poverty and Waste," pp. 19, 20, 21. Living the simple life and giving away or sharing one's surplus with others even if practiced on a large scale could not throw workers permanently out of employment but would transfer them to other more socialy necessary and useful industries. See P. 28.1896
Witners, Hartley

II

"The automobile bill of the American people is more than $14,000,000,000 according to a report by the Bureau of Industrial Technology," or an average of $117 for each man, woman and child. This includes cost of acrs, insurance, garaging, interest, taxes etc. See Page 31. New York Times, March 22, 1926.

III

Aristotle clearly advocates family limitation: "It is necessary to take care that the increase of the people should not exceed a certain number in order to avoid poverty and its concomitants, sedition and other evils." "Politics," Book VII, Chapter V. See page 41.

IV

Suppose that this worker comes up to the door of a mill belonging to the first of these ten billion dollar corporations. It has assets of two and a half billion dollars. During the last twenty-five years it has earned net profits of $2,345,000,000; distributed cash dividends of $1,340,000,000. It has earned on its preferred stock 180 per cent and on the common stock, which confessedly originally represented nothing but "water," 131 per cent. It has just paid a special share dividend to its absentee stockholders of 40 per cent, holding still an undivided surplus of $553,000,000. Yet one-third of all its employees, or some 85,000 workers, receive less than $1200, if they work the whole year. For long years this vast corporation was able to work a considerable proportion of its employees a twelve-hour day, and a seven-day week, and has successfully prevented all the efforts of its 200,000 workers to organize to improve their conditions. And yet how else can they improve them? Helpless, dependent or out of work, what freedom, what equal rights, what chance have they? See pp.52 and 76
The World Tomorrow. May 1927. Page 198.

APPENDIX

I

The rich five per cent of the families in this country appropriate thirty per cent of the national income. "This immediately operates to slam the door on any hope of the wage earners of the country averaging enough to go round in terms of the subsistence level budget. For millions of people in America the annual income is, and has long been, in the words of Dr. W. F. Ogburn, not a living but a dying wage." - see page 55
Chase, Stuart."The Tragedy of Waste." 1925.
Pages 60, 143, 264-270.

II

Wealth - Average For Family.

In 1930, the total national wealth of the United States was $329,700,000,000, according to a report just made public by the Nation Industrial Conference Board. If it had been equally divided among all the families of the United States, each family would have had $10,961. The total national income for 1930 was 71 billion dollars. If this had been equally distributed, each familey would have had $2,366. (See page 91.)

APPENDIX

I

SHOWS THAT GOVERNMENT IS AWARE OF NEED FOR RELIEF

"The President's Committee has brought to a growing list of private employers the outstanding plans adopted by other employers to regularize employment and ameliorate the effects of unemployment...They are now incorporated in two pamphlets: An Outline of Industrial Policies and Practices in Time of Reduced Operations and Employment, and A Survey of Unemployment Relief in Industry. These pamphlets have already been distributed to 70,000 persons and firms and they are available, without charge, on request to the Committee in the Department of Commerce Building, Washington, D. C. They cover methods of spreading employment, methods of increasing work available, analysis of payroll and survey of personnel as basis for lay-off procedure, methods of assistance to persons laid off and permanent policies for stabilization of earnings and employment.

In addition to the above the Committee called on ten leaders of industry and of labor to make radio addresses telling of the results obtained by the application of employment stabilization and employment maintenance in their plants and in the labor unions." Survey, February 15, 1931. Page 453. (See page 70)

II

INSTANCE: ARMED FORCE TO RESCUE UNITED STATES CITIZEN FROM FOREIGN COUNTRY

In Wilson's Administration while J. Daniels was Secretary of the Navy, Congressman William C.Adamson asked that a gun boat be sent to rescue his friends (Mr. Knoppe, Mr. and Mrs. Putner) who were being attacked by Mexicans in a coastal mining town of Mexico. Secretary Daniels sent the gun boat and rescued the Putners and Mr. Knoppe. [Ex. Pres. D.A.R.Chapter. Quincy, Massachusetts--Reference Librarian Quincy Library-can corroborate this.] (See page 80)

APPENDIX

I

EFFECT OF WAGE REDUCTION ON PURCHASES

"Over in Danville, Virginia, not so very far from here, a large corporation employing many thousands of men, decided to impose a reduction of wages upon their employees. They advised them that a reduction of ten per cent would be imposed. That was about three or four weeks ago. That meant a reduction in the consuming and purchasing power of these thousands of workers amounting to more than ten per cent. Suppose all the mills and factories in the United States would impose a reduction of ten or twenty per cent upon the workers! How could these textile mills expect to sell to these workers, whose purchasing power was destroyed, the manufactured products of their industry? The workers at Danville have resented this reduction in wages. They resent it for two reasons. First, they are firmly convinced that it is indefensible and unjustifiable. If there must be reductions in the cost of production, then management ought to develop a scientific technique that would result in a reduction in production costs without assailing the wages of the workers. If management is not resourceful enough to find a way to reduce costs without reducing wages, then management is not living up to the standard set or to its opportunity or requirements."
"The Purpose of the Labor Movement." William Green. printed address: February 26, 1930. (See page 39)

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